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ABSTRACT

This resource guide is intended to help communities that want to implement an entrepreneurship training program. Chapters I and II contain general advice for the planning process, such as how to assess need and community support, assess current services for entrepreneurs, select target clientele, develop a community support network, and identify funding sources. Chapters III and IV provide guidelines for recruiting and selecting participants. Topics include how to promote the program within the community, what criteria may be used to evaluate potential participants, and examples of screening tools. Chapters V, VI, and VII offer assistance in planning and implementing the training phase of the program, such as scheduling, possible training topics, suggested instructional techniques, and how to focus the training components on the development of a business plan by each participant. Chapters VIII and IX provide suggestions on how to move the participants from the business plan to the start-up phase, including reinforcement of the coursework, critique of the business plan, identification of sources of information and ongoing support, and location of sources of financing for business start-ups. Chapter X includes tips for program evaluation. Exhibits include annotated bibliographies of planning and curriculum materials and sample program forms and materials. (YLB)

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Organizing Self-Employment Programs

A Guide for Development Organizations

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ORGANIZING SELF-EMPLOYMENT PROGRAMS

A Guide for Development Organizations

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ORGANIZING SELF-EMPLOYMENT PROGRAMS

A Guide for Development Organizations

Communities are increasingly recognizing self-employment (or entrepreneurship) projects as a valuable tool in job creation and economic development. The businesses which entrepreneurs start, though usually quite small, are an intrinsic part of the community. Small businesses are more responsive to local influences, more willing to adapt to local conditions, and less likely to migrate to other locations.

Small business is important to community and regional economic growth. Small businesses were responsible for the vast majority of the net new jobs created in the past decade and:

- produced 24 times more innovations per research dollar than large firms,
- provided 67 percent of initial job opportunities and on-the-job training, and
- employed more younger workers, older workers, and female workers than large businesses.

Creating new small firms in manufacturing, mining, transportation, wholesaling or professional services means:

- Other jobs in support areas -- construction, retail trade, finance, education, and services.
- Increases in property values through greater demand for housing and a greater value for local businesses.
- Retail sales as new job holders and their families spend their income at community retail outlets.
- Tax revenue increases as incomes, retail sales, and property values increase.

However, small businesses may fail in their first years due to the inadequate preparation of the small business owner. Poor management is the number one reason small businesses fail. Research suggests that the failure rate of small business is unnecessarily high; in their first year, 50 percent of the new businesses fail, and by the tenth year, between 80 and 90 percent have failed. (The fourth year seems to be a milestone in establishing the business.)

Assistance and education for the entrepreneur and existing business owner can be important. Small business owners confront a myriad of difficulties, and they often feel all alone against the world, single-handedly fending off bureaucrats and competitors. They need specialized information about their business as well as general knowledge about why and how small businesses succeed and fail.

The development of an entrepreneurship project, which utilizes the resources of the community to assist in new business start-ups, can be a vital factor in any community's economic development plan. Communities that want to implement an entrepreneurship training program can use this resource book as a guide to help plan and undertake such a program. The book is broken down as follows:

Chapters I and II include general advice for the planning process, such as how to develop support networks within the community, assess current services for entrepreneurs, and identify sources of funding for the training program.

Chapters III and IV provide some guidelines for recruiting and selecting individuals to participate in the program, including how to promote the program within the community, what criteria may be used to evaluate potential participants, and examples of screening tools.

Chapters V, VI, and VII offer assistance in planning and implementing the training phase of the program, such as possible training topics, suggested instructional techniques, and how to focus the training components on the development of a business plan by each participant.

Chapters VIII and IX provide suggestions on how to move the participants from the business plan to the start-up phase, including reinforcement of the coursework, critique of the business plan, identifying sources of information and on-going support, and locating sources of financing for business start-ups.

Chapter X includes tips for evaluating the success of the program.

I. ASSESSING NEED FOR THE PROGRAM

All local economies take part in a complex system of exchange of goods, services, workers, savings, and investment. However, just as localities trade with their neighbors, and increasingly even with cities outside the United States, they also compete with other locations as efficient sites to produce goods and services. Places compete with each other for industry on the basis of the costs of location and transportation, land, labor, capital, utilities, and taxes. Secondary factors, such as information, governmental services, and the quality of life, also have an influence. These same factors can encourage or discourage the start-up of entrepreneurial enterprises. If a local training deliverer is considering the start-up of a training program which will prepare individuals for entrepreneurship, a good first step is to evaluate the factors mentioned above, the services already available in the community to provide education or technical assistance to pre-start-up or current entrepreneurs, evidence of the need for additional training or assistance, and the potential community support for a comprehensive program to serve such individuals.

In several communities, a portion of the necessary assistance will already be available. The program operator will need to coordinate as many existing resources as possible, and then supply the additional components necessary to create a comprehensive program. Individuals who are interested in starting a business or small business owners seeking to improve their business skills can benefit from entrepreneurship development programs which provide them with basic management training, technical and financial assistance, and on-going support. Owning and operating a small business requires a range of general knowledge and a certain amount of expertise in areas such as:

- management techniques
- marketing
- accounting
- inventory control
- taxes, etc.

To encourage new business creation, a community must provide instruction in these critical management areas. With counseling and support, the client can organize a business plan which can be used as a guide to establish a business. The community resources must also offer financial, managerial, and marketing opportunities for the operation and growth of the business over the short and long term.

Operators of successful entrepreneurship programs in the United States have found that there are five distinct and important phases to include in the comprehensive delivery of new business creation and entrepreneurship programs:

- a recruitment process to enlist eligible targeted individuals;
- a participant screening mechanism that results in the selection of individuals with potential technical or commercial skills which could serve as a basis for self-employment;
- a business management training component that provides a structured training experience with competency-based benchmarks of success, including the completion of viable business plans for the formation of new businesses;
- a mechanism for start-up assistance for the new businesses that includes access to financing (e.g., equity from personal sources, debt funds, etc.); and

- a system of ongoing community support and follow-up assistance for the new business ventures.

Numerous materials exist which can help to design entrepreneurship and self-employment projects. Exhibit #1 is an annotated bibliography of planning handbooks and materials which can be used by program operators for guidance and suggestions.

The first step in planning a self-employment program is determining the basic level of need for and community support of the program. Unless there is a steady flow of clients, the project will fail. And, even if there is ample individual interest, if program graduates lack at least some level of continued support, the newly created business will fail. To determine potential viability, operators should gauge the local economic climate and the local support network.

ASSESS THE GENERAL ECONOMIC CLIMATE

To determine if a community has a client market for self-employment training, two major aspects of the local economy could be analyzed: level of entrepreneurial activity in the community and characteristics of the economic base of the area, including characteristics of large businesses.

Exhibit #2 includes worksheets which will help the program operator identify the level of entrepreneurial activity in the community and characteristics of the local economic base. These provide a few indicators of the possible new business opportunities for entrepreneurs within the local economy.

Level of Entrepreneurial Activity -- It is important to assess the level of local entrepreneurial activity in a community. The rate of new business start-ups, number of business permits issued, patents issued, number of home-based businesses, etc., are indicators of potential demand for self-employment training. These indicators also help to identify the growing sectors of the economy -- information which an organization might use to help decide what type of businesses might be successful and what type of self-employment training program should be created.

Characteristics of the Economic Base -- Potential program sponsors should view the industrial makeup of the local economy to determine if a potential for new business activity exists. For example, if a community has a stronger machine tool industry than other areas, it might decide to target its efforts to supporting this industry. If, on the other hand, a community has a lower concentration of advanced technology firms than other areas, it might target its efforts to this industry in order to diversify the local economy.

Potential training program sponsors should also look at the characteristics of large companies in the area to determine potential markets for new small businesses. For example, large companies often purchase a significant amount of supplies, raw materials, and support services from outside the local economy. These purchases might become a stable source for new business creation. In addition to providing a potential market for local small business products, major businesses are often the community's primary source of spin-off firms. The type of local industry, the probability of supplying local large firms, and the level of spin-off activity should be considered when deciding on the type of program to create and what potential clients might be helped.

ASSESS THE SMALL BUSINESS SUPPORT NETWORK

It is important to examine the degree to which a community has formalized its support for small business. If a survey of the community reveals there are few formal business development programs/services offered, this fact should be considered when deciding whether to establish a small business self-employment training program.

Exhibit #3 includes a number of worksheets which may be useful in identifying and organizing community support for the program.

Self-employment programs complement and draw upon other local small business support programs. It is important for the program operator to evaluate the services and sources of training and assistance already available in the area. Sponsors should help develop or strengthen a local support network before they begin program development. A much stronger support network can be developed by working and coordinating with established resources in the community.

A community can help to create a favorable environment for entrepreneurs and the development of new enterprises through the following components:

- A community economic development organization to encourage the start-up and expansion of businesses and to improve the general economic development climate within the area.

- A venture or seed capital fund or revolving loan fund to assist new small businesses by providing start-up and working capital, bid and performance bonds, etc.

- Packaging or information assistance programs to help businesses utilize local, state, or federal economic development funding.

- Ongoing technical assistance in business organization, management development, and financial and market planning through local educational and business counseling facilities.

- Small business incubators which provide shared clerical and central services offices and other benefits to newly started firms at a reasonable rate for the rental space.

- Local ordinances which provide benefits or incentives to small businesses which locate in the community.

- Market expansion services which encourage business owners to cooperate with state and federal facilities and other resources in technology commercialization, governmental contract procurement, product innovation, and exporting opportunities.

II. GENERAL PLANNING FOR THE PROJECT

SELECTING TARGET CLIENTELE

Planning a self-employment training and development program (program structure, duration, instructors, etc.) depends largely on the targeted group, if any, to be served.

One important audience for self-employment instruction are those seeking help in their current business pursuits. Typical of this group is an adult learner requiring practical tips and instructions in the day-to-day operation of a business. Short courses in direct response to the entrepreneur's needs are the most suitable means to provide this instruction.

Another audience for entrepreneurship training are those people seeking preparatory training to become self-employed. The key item in the design of a program for career preparation is instruction based on the myriad skills needed for success in entrepreneurship. A comprehensive, interdisciplinary approach to teaching is required for this audience.

The program operator may choose to serve a certain group of individuals: existing business owners, women, veterans, minorities, dislocated workers, etc. Alternatively, a group of extremely varied individuals can be assembled. Targeting a group may depend on special funding which is available through various government or other sources. Or there may be an obvious need in the community: a recent factory closing or a large number of minority members in the area.

The program operator must also determine the number of participants which will ultimately be served by the program in order to recruit a pool of suitable applicants. These details, and others, should be considered carefully before embarking on an entrepreneurship training plan.

DEVELOP A COMMUNITY SUPPORT NETWORK

Potential support network members should be contacted early in the process. The first contact(s) should be with individuals who are likely to participate in supporting the program and its graduates and who would be influential in encouraging others to get involved.

A community support network can contribute to the program by serving as a conduit to the community, providing contacts and coordinating local resources to benefit program participants. Support network members may also function as volunteer instructors, and assist the program operator in planning, implementing, and evaluating the program. The commitment of the support committee should encourage participants to consult with its members and other community people for technical assistance and support. The members could agree to serve as advisors and to act as a support system for participants during the program. The program advisory committee, if it includes the following types of individuals, could provide information to the participants in their areas of expertise:

Representative from a financial institution --

Financing climate and opportunities
Current and projected interest rates
Advice on meeting with a financial representative
Credit references and other documents required before debt financing is extended

Accountant --

Financial documents which are necessary for legal and efficient operation
Information on the various forms of business organization
Tax forms which are necessary for each form of organization and type of business, and what filing dates apply
Personal and business records and budgets

Lawyer or legal consultant --

Licenses and permits which are required to operate in the community
Agreements and contracts which should be drawn up between partners, or to separate business and personal affairs
Insurance which is needed to protect the business from liability

College or University Professor --

Resources which local institutions can offer for research, product innovation, product development, further academic study, etc.

Local Government Representative --

Prospects for small business growth in the area
How this program fits into the community development plan
Incentives or benefits which are available to those businesses locating within the community
Professional organizations which are functioning within the community
Information on local permits, licenses, ordinances, zoning, etc.

Small Business Administration representative --

Training or assistance which is available through the local SBA
Technical and managerial assistance which is available through state and federal agencies

Local small business owners and/or Chamber of Commerce Member --

Personal experience with developing a support system
Experience with establishing a business and dealing with local government, the chamber of commerce, etc.
Information on the local business climate, marketing, and location factors
Resources that local business people utilize or organizations they often join

Representative of a local newspaper --

Forms of media for advertising, public service, etc.
Lay out and promotion announcements about the opening of a new business, advertisements, etc.
Statistical or demographic data about the community and its citizens

The whole committee may help participants with the financial planning exercise and the development of preliminary business plans.

SECURE A SOURCE OF FINANCING

Unless the organization which is planning the self-employment program is affiliated with one of the following (or other) sources of financing, the program administrator, advisory council members, and other interested citizens will need to concentrate their efforts on attaining funding. Some programs will combine several sources of funding to provide a comprehensive program. The following sections outline some of the potential sources of funding for an entrepreneurship training program; the training, counseling or administrative aspects which may be funded with these sources; eligible individuals to receive the training; and points of influence in securing funding for a training program through these sources.

Small Business Development Center (SBDC) Program -- The Department of Commerce and Community Affairs funds Small Business Development Centers (SBDCs) throughout the state. These centers provide technical and management assistance to businesses in all phases of operation. Other than a limit on administrative costs, SBDCs have some flexibility in providing access to self-employment training. Costs which are part of the SBDCs' operating framework include recruitment costs, books and instructors' fees for training, and initial costs for private consultants to counsel start-up businesses. However, such expenses must be listed and approved in each SBDC's annual budget. Any existing or potential small business owner may receive SBDC assistance on a one-time basis without a formal determination of eligibility by the SBDC. However, in order to receive additional assistance, a formal procedural determination of eligibility must be made. Businesses that meet SBA's size standard are eligible for SBDC assistance, and may receive assistance based on resources available to the SBDC.

SBDCs can sponsor and/or co-sponsor training in a number of specialized service categories, including those training topics typically made available in self-employment programs.

- Pre-Business
- Basic Management Techniques
- Business Planning
- Marketing & Sales
- Purchasing
- Recordkeeping
- Financial Management
- Law & Risk Protection
- Advanced Management Skills
- Specific Industry
- New/Timely Information
- International Trade
- Computerization
- Capital Formation
- Procurement Assistance

Illinois Community College Economic Development Grants -- The Illinois Community College Board (ICCB) provides Economic Development Grants to each of the community college districts to enable them to operate business centers/economic development offices. The current allocation formula provides a basic grant to each community college district. The remaining funds are distributed to community college districts based on credit hours in business, technical, and health occupational instructional categories. There are few limitations on the types of costs which are payable under the community college economic development grant; therefore, most costs of an entrepreneurship training program could be paid from this source. This includes advertising, recruitment and promotion, costs of group counseling such as through business roundtables, and all the costs associated with direct skill training. Colleges usually are restricted to serving individuals within the district.

Many community colleges regularly undertake business retention, expansion, and attraction efforts such as:

- Entrepreneurship and business management training
- Training/retraining of employees
- Assistance with federal contract procurement
- Assistance with small business incubator establishment
- Other small business counseling and management assistance

Illinois Community College Credit Hour Programs -- In addition to the specialized workshops and seminars funded by Economic Development Grants and SBDCs, many colleges have regular course offerings which provide a variety of learning opportunities. Entrepreneurs can work toward small business occupational certificate or degree programs, offered at several community colleges, which are designed particularly for the small business owner and operator.

Community college business courses, seminars, and workshops are taught by instructors who have a masters degree or equivalent business expertise.

Although some community colleges do not offer a certificate or degree program, most of them include business courses in their curriculums. Self-employment program deliverers might want to encourage the college to expand these components into a comprehensive training program.

It should be noted that as a source of funding, credit hour grants only support direct instructional costs. Items such as promotion, recruitment and screening efforts, direct counseling, and follow-up support would have to be paid from other funding sources.

Job Training Partnership Act (JTPA) Program -- The federal Job Training Partnership Act authorizes job training and retraining for economically disadvantaged individuals and others who face serious barriers to employment. Administrative responsibility for training programs is shared between the local government and the private sector.

JTPA agencies could offer most of the management training services which are typically required in a self-employment training program, such as:

- Vocational and educational testing
- Institutional and classroom training
- Remedial education and basic skills training
- Pre-layoff assistance and post-program counseling

In addition, a local service delivery agency may use its administrative funds to support the full costs of local entrepreneurship/self-employment projects.

Individuals who are eligible to receive training under JTPA include:

- Economically disadvantaged individuals
- Dislocated workers
- Dislocated farmers
- Long term unemployed individuals
- Previously self-employed unemployed individuals
- Displaced homemakers
- Veterans
- Handicapped individuals
- Older workers
- Teenaged parents
- Ex-offenders

Community Services Block Grant (CSBG) Program -- The federally funded Community Services Block Grant Program is administered at the state level by the Illinois Department of Commerce and Community Affairs and at the local level by designated community action agencies and other community based organizations. The program serves the needs of low-income persons through various anti-poverty programs. Each federally- or state-designated CSBG grantee is required to conduct economic development programs to benefit low-income persons. Community action agency and community based organization grantees are allowed to include entrepreneurship training in their annual work programs and also operate revolving loan programs to enable small business expansion and subsequent employment of low-income and other disadvantaged persons.

PART III. RECRUITMENT TECHNIQUES

A great deal of planning must be accomplished in the early stages of a self-employment training program in order to recruit effectively for the program. The program operator, with the assistance of the community advisory council, must target the group which will be served, secure a source or sources of financing for the program, determine the amount and type(s) of training and assistance which will be offered, and cultivate as many sources of community support as possible.

The next step is to determine the most effective way to reach a particular student group. Although recruiting methods which are used may have to vary depending on the target group, some methods can be used to reach many members of the community. These include organizational promotion as well as the use of electronic and printed media.

ORGANIZATIONAL PROMOTION

Networking -- Initial recruitment can occur by networking through existing resources within the local community, including contact with business service organizations, training centers, local vocational schools, church groups, the employment service, and other resources. Possible sources of recruitment should be identified, along with how they might be used. These may include:

- Organized Labor Organizations
- Urban Leagues
- JTPA Service Delivery Areas
- Employment Service Offices
- Small Business Administration
- Local Government Offices
- Small Business Associations
- Economic Development Councils
- Community Action Agencies
- Chambers of Commerce
- Service Corps of Retired Executives Chapters
- Special Interest Groups
- Minority Organizations
- Professional Banking, Accounting, and Legal Associations

Coupling these potential recruitment sources with an aggressive recruitment strategy should create a pool of suitable potential participants.

Printed materials -- Program announcement flyers, brochures, or posters can be used effectively to promote the local self-employment program. Each printed announcement should list a schedule of dates, a brief course outline, and contact, if needed. Flyers, brochures, and posters are simple to construct, are cost effective to print, and are versatile. Posters and brochures can easily be dispatched to prime recruiting locations, such as chamber of commerce offices, employment service offices, college bulletin boards, etc.

Special Speaking Engagements -- Personal speaking presentations can be an effective means of communication about the project. Given the fact that self-employment training is a more novel approach to community economic development, personal speaking engagements can not only serve as a recruitment tool but also serve to make community groups and leaders aware of the benefits of such a program.

Professional business group meetings, award banquets, service organization meetings, special orientation classes at colleges or other training programs, etc., are excellent avenues to recruit as well as promote the self-employment training program.

Referral Agreements -- Agreements may be established between the operator of the entrepreneurship training program and other area service delivery agencies to refer clients to the appropriate service provider. These agreements can effectively serve each client's needs and increase the probability that each client will receive the required services. Referral agreements can either be financial or non-financial in nature and should:

- Establish the client eligibility requirements of each project so that clients are referred to a project for which they are qualified.
- Determine guidelines and appropriate documentation for the services each project will provide, referral between agencies, any financial arrangements, duration of the agreement, etc.
- Provide a smooth client flow from one project to the next in a complementary, consecutive manner.
- Reduce the duplication of services, records, and reports.

Word of Mouth -- Program operators can count on word of mouth to help fill the subsequent classes of a successful initial program. Established programs may benefit from the credibility and visibility of successful graduates.

NEWSPAPER AND TELEVISION

Newspaper and television can be used in many ways: paid advertisements about the program, public service announcements, press releases, and talk shows or news features. Newspaper and television can serve to recruit interested clients as well as create awareness and good will in the community.

Paid advertisements should include the purpose and goals of the program; eligibility requirements, if any; admission fee, if any; times, dates, and location of the classes; types of financial assistance and follow up support which will be provided; a contact for further information; and any other applicable information. The program operator should choose a medium whose circulation reaches the target group(s), and the initial advertisement should be timed to allow for repeats and reader or viewer response. Paid advertisements also alert the local media of the intent of your self-employment training project and may make it easier to promote your project through press releases, news features, etc.

Public service announcements are, in essence, free advertising, but usually have to be submitted a minimum of two weeks before an event. This is especially important if it is the first time the program will be offered, or if the announcement is for a one-time workshop or seminar with open enrollment. In either case, ample lead time should be allowed for the announcement to be run several times. The disadvantage of public service announcements is that they are often aired during times of the day when the audience of the radio or television station is at its lowest.

Press Releases can be used effectively to promote the recruitment of program participants. As a part of the marketing and recruitment strategy, early press releases should be issued to the printed and electronic media. Press releases should be structured as basic informative announcements, stating the basic ideas of the project, including who, what, how, when, and where.

Talk Shows, whether on radio or television, offer another opportunity for promoting and recruiting new program participants. Most radio and television stations try to air shows of interest to a broad group of listeners/viewers. The self-employment training program of your agency might fit the target audience of your local media.

News Features can be utilized to promote the program. Operators can call media attention to the many aspects of the entrepreneurship program which may be newsworthy: the opening of the program, a special feature on a person teaching or participating in the program, the start-up of a new business or expansion of an existing business, or a focus on the target group benefiting from the program.

PART IV. SCREENING

There are a number of strategies for selecting those who will receive training from among the numerous recruits. At one extreme, some argue that an "entrepreneurial type" exists, and that the task is to cull people with the appropriate traits from the general population of applicants. Another approach is to focus selection activities on whether the proposed business seems likely to succeed. Many successful self-employment demonstration programs give all prospective trainees a chance to "self-select" themselves in or out based on whether or not they meet program requirements. Some screening out of applicants may be necessary and even beneficial to the prospective entrepreneur. For example, if a quick projection indicates that the income stream from a proposed business will not cover the recruit's income needs, that individual probably should be encouraged to explore other business possibilities.

The program operator must consider that some individuals may choose to withdraw from the training, and some will be found to lack "what it takes" to be a self-employed business person. Even the most enthusiastic supporters of entrepreneurship training acknowledge that it is appropriate to only a small percentage of any population that are risk-takers -- and of that percentage, only some will have a viable business idea and the drive to carry it out. Therefore, enough participants must be screened and selected to bring the program to capacity and keep it operating efficiently. Most entrepreneurship training programs enroll at least twice as many individuals as they plan to graduate from the program. Some screen at least twice as many as they plan to enroll.

POTENTIAL SCREENING CRITERIA

The purpose of a self-employment training program is to prepare individuals to handle daily business problems and understand the interrelationships of business functions. The applicant's potential entrepreneurial success can be assessed in many ways. The attitude, determination, and motivation of the applicant are probably the most important factors in a new business' success. Small business owners commit a major part of their time, energy, and often their personal finances to ensure the success of their business venture.

Whatever screening criteria are selected, they should be designed to strengthen the potential success of the program as well as the individual. The program operator should keep the targeted group in mind when establishing the screening criteria. If the criteria are too rigorous, the program may screen out individuals who have the ambition and inspiration to operate a very successful business, but lack some traditional entrepreneurial skills (i.e., individuals who speak English as a second language). The operator should exercise discretion in applying the criteria under such circumstances.

Screening criteria should review not only the applicant's abilities, but also the potential viability of the business. Criteria such as the following should be considered.

Basic Educational Skills -- Each applicant should show evidence of basic reading, writing, and mathematics skills. The business owner will be responsible for maintaining inventory records, preparing advertising and promotional activities, preparing business correspondence, understanding state and federal regulation requirements, preparing budgets, and other functions for which basic literacy skills are an absolute necessity.

Work History -- A good indicator of potential success is whether the candidate has worked in the type of business which he or she plans to start. Does the candidate know the business only from an employee's viewpoint or only from a managerial viewpoint, or both? Some operators of self-employment training programs require a minimum of experience in the business under consideration before admitting participants to the training program. Others require an in-depth evaluation of the chosen business area as well as a detailed interview with an individual who currently operates that type of business.

Commercializable Skill -- Even if the applicant does not have a firm idea of the type of business he or she wants to start, many people have the skills, and quite often the experience, for self-employment. (Some common service areas are: day care provider, house cleaning, lawn and yard care, general repair and fix-it, sewing and alterations, etc. Some common trade skills are small engine repair, construction contracting, word processing, etc.) Entrepreneurial training could help to professionalize and upgrade these existing skills as well as develop the management skills necessary to operate a business. In bringing these activities out of the basement or back room, they can become a primary, rather than supplemental, source of income. For some, this type of training can stimulate the transition from subsistence self-employment to beginning a small business.

Personal Motivation -- Each applicant should show by past experience or other means that they have the necessary motivation to complete this self-employment activity. Applicants for any self-employment training program must be prepared for the hard work and stress involved in starting and operating a business. Other indicators of preparation for entrepreneurship training should be evaluated as well.

Past Financial History -- Some program operators have learned that an indicator of potential success is the individual's credit history. They have found that individuals with a great deal of debt to a variety of creditors are often unable to adequately focus on the business. Any credit they can obtain is often used to settle with persistent collection agencies for past debts. The credit history need not be perfectly clean, but the type of debt does make a difference in the individual's ability to establish a successful business. Some experienced program operators have noticed a correlation between the applicant's financial situation and the chances for the business' success. A screening process which admits those with reasonably sound credit history or financial backing will probably have a higher percentage of business starts.

Potential Business Financing -- The applicant for self-employment training might have a business idea or marketable skill which can be used as the basis for a business, or perhaps a hobby which is already the beginning of a business. The participant and the program operator should evaluate the feasibility of financing this idea, as well as the business' potential position in the local market given whatever funds are available for start up.

A preliminary determination of these factors can be achieved through a general financial analysis of the business. The budget needs of the business (e.g., for inventory, to carry payroll, or to purchase needed equipment or a store site) must be covered with the participant's cash, through debt financing, or by some other means.

Market Entry -- Competition is one risk with starting any business. The program operator may choose to include a preliminary evaluation of the business idea in the screening phase to determine the possible success of the business early in the program. If the business selected is in the service sector, for example, it is possible that the market could easily absorb another entrant. It could also be possible that the geographic area selected by a participant is one in which heavy competition would make market entry difficult. Whatever the proposed business, preliminary analysis should involve, among other things, a review of market demand and likely competition. In the event that the outlook is less than encouraging, it may be possible for the participant to switch to a different, suitable business area.

Earnings Capability -- The expected income after expenses of the business also needs to be assessed. It is important that the individual will be or is starting a business that will produce an adequate income to support the individual and his or her family.

SCREENING MECHANISMS

The tools used to select applicants to participate in the training must be decided. The screening tools and techniques should be used to measure various aspects of each applicant's potential as an entrepreneur. Such techniques as personal interviews, testing to determine basic reading and mathematics competency, dexterity/manual skills testing, intensive self-evaluation by the applicant, weekend introductory business seminars, films, and other methods all have a place in evaluating the potential success of a self-employment project participant.

The use of various tests/worksheets can help the sponsoring agency determine the candidate's interest, attitude, and self-motivation to complete the project. Other gauges of the candidate's sincerity can also be judged, in terms of preparation, conduct in personal interviews, and other evidence as he/she approaches the screening process.

Basic Intake Form -- Each local project should try to collect basic intake information about every individual potentially interested in the project. Basic information should be collected, such as name and address; socioeconomic information such as sex and age; social security number or other verification of U.S. citizenship, or documentation of unemployment or other benefit receipt status if it is a prerequisite for program funding; past work experiences; and information regarding personal business goals. This information can be used to refine and target the program.

Exhibit #4 contains several sample forms which may be useful in the intake process, as well as to track the progress of clients through the program.

Readiness Self-Assessment -- An entrepreneurship training program should make a preliminary assessment of the business knowledge skills of its participants. This serves not only to inform the instructor of subject areas to stress, but can also be repeated as a post-test to gauge the progress of its participants. Questionnaires and worksheets can be used to help the applicants assess their readiness for entrepreneurship.

At this point and throughout the program, the project operator should emphasize to clients the importance of conferring with a lawyer, an accountant, or both. These professionals can serve as an additional screening device, as well as provide essential services and information to those clients who proceed to start up a business.

Exhibit #5 includes a sample self-assessment questionnaire, a worksheet to evaluate the entrepreneur's financial preparedness, and a sample test of business knowledge/experience.

Vocational Interest Tests -- The entrepreneurship program might also include vocational evaluation. Testing methods that might be considered include general vocational assessment instruments such as:

- Wide Range Interest and Opinion Test
- Career Occupational Preference Survey
- Personal Profile System
- Career Ability Placement Survey
- Career Orientation Placement and Evaluation Survey

Other assessment instruments can be utilized to generate information on the applicant's skills, interests, and attitudes.

Academic Assessment Tests -- It is important to determine the literary skills of the applicant. In addition to academic (e.g. high school, GED) degrees, assessments might include the Tests of Adult Basic Education and the SRA achievement test, which measure competency in math, writing, and reading comprehension.

Screening Team -- A screening team might be considered for use by local program operators. Critical factors in the effectiveness of a screening team are the knowledge, realistic attitude, and perceptiveness of the individuals who participate on the team. Screening teams can be used to choose methods of and oversee testing, interview applicants, and, on the basis of the results, choose participants for the program. Teams are typically composed of members representing the organization administering the program; local, state or federal agencies or service deliverers (e.g., Small Business Administration, Small Business Development Center, Dislocated Worker Center); local community development agencies; financial institutions; businesses; college business and continuing education departments; and others.

Outside Referral -- If an individual feels that self-employment training is not an appropriate activity for his current situation, or the program operator decides that the individual is not right for the program, that individual may be guided to a more appropriate service provider. Contacts and arrangements can be made with local community organizations to provide basic skills instruction, counseling, and other educational training for the individual.

Fee Structure -- Some operators of entrepreneurship training programs have found that it is a good idea to charge participants a fee for their training and counseling. Although they may only pay a small percentage of the true cost of their assistance (with the remainder being supplied through a governmentally-funded program, etc.), their investment encourages them to take the training more seriously.

TYPICAL OCCUPATIONAL SELECTIONS

Program sponsors might expect the potential entrepreneurs to be interested in any number of possible business opportunities. The following table lists those occupations with the highest number of self-employed individuals in Illinois.

Occupation	# Self-Employed
Bookkeepers, Accounting and Auditing Clerks	415
Mail and Message Distribution Occupations	137
Guards	142
Waiters, Food Workers and Cooks	1,155
Nursing Aides, Orderlies and Attendants	66
Building Cleaning Service Occupations	2,224
Barbers, Hairdressers and Cosmetologists	4,222
Farm Related Agricultural Occupations	980
Forestry and Fishing Occupations	260
Mechanics and Repairers	12,894
Auto Body Mechanics	7,135
Heating, Air Cond. and Refrigeration	891
Other Mechanics and Repairers	4,836
Carpenters and Electricians	12,488
Painters and Maintenance Occupations	4,076
Plumbers, Pipefitters and Steamfitters	1,725
Other Construction Trades	8,111
Printing Machine Operators	765
Bus Drivers and Truck Drivers	7,288
Material Moving Equipment Operators	373

PART V. ORGANIZING THE INSTRUCTIONAL DELIVERY

An entrepreneurship training and educational program will not succeed unless it is planned in detail. The preparation should not only include the recruitment, screening, and selection of the applicants, but also the set-up of the training plan. This includes scheduling the training materials, times, and location of the program well in advance; choosing the instructors with care; supplying instructors with the necessary information and materials in sufficient time for their preparation; and arranging for the physical accommodations of the participants.

PROGRAM CONTINUITY AND COORDINATION

The organization operating the entrepreneurship project should probably appoint a program coordinator to lend continuity to the program, handle the administrative duties associated with the program, choose the instructors and locations, etc. The consensus of successful operators seems to be that the quality of the coordinator and staff is the true key to a successful program, and that the personal traits needed are exceptional -- a strong creative problem solving talent, a "results" orientation, an ability to draw the very best out of people, and yet a willingness to make unsentimental judgments. Staff must have business experience and at least a portion should have started a business from scratch.

CLASSROOM SCHEDULING

Training and services can be delivered in a traditional daily or weekly course format (for example, three to six hours per week for 6-16 weeks), a series of weekly seminars or workshops with an ongoing theme, one-time workshops or seminars addressing specific business issues, self-paced modules which allow individualized access to the coursework, and other formats. Many of those individuals interested in starting a business will not be able to tolerate the traditional course format. Provisions should be made to offer classes at an accelerated pace to match the pace of the business start-up.

Course Set-Up -- A major consideration in setting the times and location of the classes is whether your target group is currently employed and, if so, what hours they work. Unemployed individuals will have greater flexibility in class scheduling. Participants who are employed by other businesses or whose businesses are already in operation may meet with problems in attending classes. Factors to be considered in planning the program are the month, day of the week, and time of day the sessions are held.

Day of the Week -- Careful consideration must be given to the day of the week to hold classes. Questions which could be considered include:

- What days are preempted for other activities of students such as church meetings, school functions, and other community activities?
- On what days will participants be involved in meetings of local fraternal groups, chambers of commerce, civic clubs, etc.?

Hours of the Day -- In determining the hours of a training session, certain questions should be considered. For example:

- Should the class be held after the morning business rush begins?
- Should the meeting time end enough in advance of the rush hour to allow sufficient travel time for students to get home?
- Is there a day when most businesses open or remain open later than usual?

Evening sessions are often easier to arrange than day-time sessions. The main considerations in determining beginning and ending time for evening sessions include:

- What time will permit the student to close their offices (or finish work), eat, and arrive at the meeting place without undue haste?
- Considering the length of the class sessions, what closing hour will permit the participants to return home at a reasonable hour?

Length of Instruction -- Potential entrepreneurs are often either employed by someone else or already actively involved in starting a business. Therefore they probably won't have the time and patience for lengthy classes or several classes within a short time period. Experienced operators suggest that one three hour class each week for six to twelve weeks is a schedule which entrepreneurs will accept. With fewer course sessions, of course, the program operator may risk inadequately preparing the participants; with too many meetings, participants may become frustrated and fail to complete both the course and their plans.

Classroom Location -- Most courses are held in classrooms, although many local governments, business associations, and service or religious groups have rooms that are suitable for educational sessions. The location of the training should be convenient and accessible to the majority of the participants. Adequate parking should be available in the vicinity at the time of the meeting.

SELECTION OF INSTRUCTORS

The program may be taught by staff or by speakers representing business, government, community organizations, etc. The coordinator should know the capabilities of each instructor or speaker, and emphasize the needs of the audience and the objectives of the program to them. In selecting speakers from the community, emphasis should be placed on knowledge and experience in a particular topic. Some of the speakers may have little or no experience as instructors, although they may have vast experience in a specialized field and are accustomed to briefing their associates.

The instructors should receive an informational packet from the coordinator approximately one month before each is scheduled to speak. It should include information about the participants and the overall thrust of the program. They may need help in preparing and presenting a lecture, suggestions on how to encourage audience participation, and an idea of the types of businesses the participants plan to start or are currently operating, in order to be better prepared for their presentation to the class. The participants will respond positively, in most cases, to instructors who are currently operating or have operated a business. These speakers provide practical as well as educational information, and are perceived to be peers by the participants.

The coordinator should prepare the class one session before each speaker is scheduled by providing participants with reading materials and encouraging them to plan ahead for discussion questions. In addition, the participants may benefit from an opportunity immediately after the session to sign up for private consultation with the speaker.

The coordinator will probably be responsible for contracting with the instructors for their services. Payment or commitment documents should be prepared and signed before the speaking engagement.

Class Materials -- The coordinator should also reserve the necessary visual aids, films, and television tapes well in advance of the dates they will be needed by the instructors, and make sure that equipment -- such as projectors, screens, and sound apparatus -- are in operating condition when needed. In addition to the classroom aids, each program should select quality textbooks, handouts, and workbooks for each class.

PART VI. TRAINING AND INSTRUCTIONAL CONTENT

Self-employment education is intended to teach business insight and financial planning to the risk taker, the independent entrepreneur. The general characteristics of entrepreneurs have been identified through a number of studies, and those skills required by an entrepreneur have been incorporated in some of the instructional material available to universities, colleges, and vocational centers. Trainable skills required by the entrepreneur include:

MARKETING	-	competitive position projecting market demand pricing
PRODUCTION	-	purchasing of raw goods inventory control production efficiencies production process layout quality control
ORGANIZATION	-	forms of legal organization recruitment organization theory personnel records labor relations
FINANCE AND ACCOUNTING	-	monthly income statements balance sheets taxation and regulatory requirements raising debt or equity capital monitoring profit

Self-employment education is significant for two reasons: it provides a certain amount of management depth to forestall potential business failures and it fosters experimentation with new venture development.

Through its screening and selection process, the operator of the entrepreneurship training will have an indication of the strengths, weaknesses, and special training needs of the participants. These needs will vary each time the program is offered, and the program operator may choose to allow for them in the curriculum. For example, special courses may be provided in subjects which participants feel need improvement, or, throughout the course, a special emphasis may be placed on issues dealing with a certain business sector, if a large number of the participants are exploring business plans in that sector. Activities such as group projects during class and individual consultations out of class may better utilize class time for the majority of participants.

The training phase of the program usually has several aspects: interpersonal development, management skills development, and business planning. Initially, participants will probably need a basic skills refresher course to update library skills, study habits, professional business behavior, computer skills, etc. Instructors should consider the learning habits of the adult, and, in particular, the potential business owner, who is often in a hurry to move on with business start-up. Training should move rapidly enough to keep the student motivated.

These up-dated skills can then be combined with courses in interpersonal development and a basic business education to create a personalized business plan. The business plan can be used as the framework to anticipate the needs of the start-up, secure financing, or for more efficient operation of an on-going business.

A number of curriculum materials are available to help the program operator with class delivery activities. A summary of several recommended curriculum materials is given in Exhibit #6.

INTERPERSONAL SKILLS TRAINING

Helping the student to build and maintain a positive self-image is one aspect of entrepreneurship training and development which can be explored as a specific training topic, or which can be emphasized in every phase of the training. Positive reinforcement should also be encouraged among the participants -- the ones who are feeling very good about the program and their potential business opportunities can share that attitude with those who are feeling negative.

There is no secret formula for success in entrepreneurship, but certain characteristics and skills are common among entrepreneurs who have achieved success. Entrepreneurs typically have several of the following traits:

- A need to set and achieve difficult objectives
- A desire to innovate
- The ability to make fast, accurate decisions
- The ability to lead
- The capability to communicate
- Tolerance of risk
- The stubbornness and energy to persevere
- The acceptance of responsibility

Although entrepreneurs may have inherent talent in these areas, there is often room for improvement. These talents can be further developed, and skills can be learned, which will prove essential to the potential entrepreneur. Toward this end, program operators should provide training for entrepreneurs which is aimed at developing leadership skills, communication skills, and a positive personal image. One must be a good communicator and exhibit a positive attitude about both oneself and the business in order to be a good leader. Entrepreneurs may need specific training in personal leadership, human relations, problem solving, business writing, and public speaking. Suggested training topics include the following:

Leadership Skills

- Participants should be shown that successful businesses grow beyond the owner as the single worker and that leadership ability will be necessary to continue that successful growth.
- Participants should be shown how leaders must delegate some of their authority and responsibility, showing respect for employees by trusting them to share those responsibilities.

Managing People

- The entrepreneur should learn techniques of managing, e.g., setting an example for employees, establishing supervisor/subordinate relationships, etc.

- Participants should be shown techniques which can be used to motivate employees to achieve the business' goals, and how to stimulate cooperation among employees and inspire confidence and loyalty.
- The entrepreneur should become familiar with typical employee needs, e.g., social, environmental, monetary rewards, etc.

Communications Skills

- Participants should learn how good communication facilitates interaction between employer and employees, as well as between the business owner and supplier or customer.
- Participants should be given practice in the critique of both oral and written communications and how improving these skills can benefit financiers, suppliers, customers, and employees.
- Entrepreneurs' communications skills, both verbal and non-verbal, should be improved in areas such as:
    - clear, rational, persuasive writing
    - speaking distinctly before public audiences
    - writing clearly and specifically so as to give direction
    - being timely, regular, and consistent with communications and information, and,
    - listening carefully to feedback.

Positive Personal Image

- Entrepreneurs should be led through a process of self-evaluation which allows them to acknowledge their weaknesses and concentrate on their strengths.
- Participants should learn the importance of self esteem in supporting achievement, a positive personal image, and a belief in the business' imminent success.
- Participants should learn how setting reasonable goals for the business will greatly improve the entrepreneur's chances of success.
- Entrepreneurs should be coached to see how their own potential and work makes goal achievement a relatively easy, continuing process.
- Participants should be exposed to group discussions and personal counseling which can provide support in those crucial start-up months.
- Participants should learn how to recognize and deal with symptoms of stress.

Creative Problem Solving

- Participants should learn decision making schemes and techniques to analyze problems.
- Participants should be made aware of means to improvise and innovate and ways to recognize and improve the status quo (for example, using quality circles, brainstorming and other techniques).
- Entrepreneurs should be coached to understand the degree of risk which may be involved in business decisions, the consequences of risk decisions, and how to confront and overcome obstacles and problems.

MANAGEMENT TRAINING CURRICULUM

Many training topics must be covered with any group of potential entrepreneurs. Basic planning and problem-solving skills will be necessary for them to adapt with the changing business world. The business person needs to have a basic understanding of the principles involved, for example, to maintain correct records for financial and tax purposes and to analyze accountants' statements. Similar business skills courses should include general instruction in topics such as management principles and personal issues; business law and legal issues; financial factors such as cash flow, capitalization and cost accounting; marketing, advertising, public relations and customer relations; recordkeeping; government procurement opportunities; inventory control; security, insurance, and fraud prevention; and other topics.

It is important that the participants achieve at least a basic comprehension of these topics, and it will be to their advantage to acquire more advanced knowledge and skills in areas such as taxation, recordkeeping, marketing, procurement and inventory control, etc. In order to provide a comprehensive program, the program operator should coordinate these training topics with supplementary materials, workshops, group and individual counseling, and follow up support and services.

Exhibit #7 contains three sample training program outlines which include objectives, training materials and topics, supplemental materials, and suggested formats. The following section includes a listing of suggested training topics, major subject areas, and specific learning objectives.*

Sources of Information

- Participants should be guided through sources of information useful to them in planning, developing, monitoring, and managing a business.
- Sources may include periodicals (business, trade, and other) and government data sources (County Business Patterns, Current Industrial Reports, labor statistics, import and export data, Census Tract data, SMSA data, Federal Register, specifications and standards sources, etc.).
- Sources may include private statistical data bases (Dun & Bradstreet Key Financial Ratios, F&S Index of Corporations and Industries, Standard & Poor's, Moody's, Thomas Register, Sweet's Catalogs, etc.).
- Participants should also be taught how to conduct literature searches using directories (Business Periodicals Index, Engineering Index, Directory of Directories, Directory of Trade Associations and Professional Societies, Wall Street Journal Index, and NTIS Government Reports Announcements and Index).
- Participants should become aware of computer-based information retrieval services, e.g. electronic yellow pages, Dialog, Dun & Bradstreet, etc.

Selecting Business Advisors

- Participants should be presented with guidelines for selecting business advisors such as a lawyer, accountant, and/or other consultants.
- Participants should be generally acquainted with professional fee structures; the legal, tax, and business management consulting services available; essential and optional services; etc.

Forms of Organization

- This module should explore the advantages and disadvantages from both a legal and tax standpoint of various forms of organization: proprietorship, partnership, and corporation.
- Participants should be made aware of the ways to begin a business e.g., buying an existing business, buying a franchise, or starting a business "from scratch".

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* Reference: Adapted from materials developed by Bowling Green State University, Bowling Green, Ohio.

Insurance Issues

- Participants should learn what to look for when choosing an insurance representative, and how to assess the business' potential liability and the coverage needed.
- Employee insurance should be discussed, including how to keep the appropriate records for unemployment insurance, social security, and workers' compensation.
- Participants should learn of other risk control issues, such as basic security practices and systems.

Business Law

- Instruction should concentrate in contracts and employee law and prepare the student to work with their designated legal counsel.
- Contracts should cover fundamentals: rejection remedies, acceptance of goods, revocation of acceptance, express warranties, implied warranties, notice, damages, negligence, fraud in inducement, liabilities, etc.
- Employee law should cover federal and state statutes in all key areas of employee relations.

Facility Layout and Location Plan

- Topics should include how to project space requirements and rail, highway, air, or water access requirements; and how to position the facility geographically to both utilize suppliers and serve the target market.

Regulatory Issues

- Instruction should focus on federal, state, and local regulatory issues such as licenses, permits, registration requirements, etc.

Market Research

- Participants should be given "hands on" understanding in how to define target markets; how to research target markets; and elements of need satisfaction.
- Coverage should include objectivity in market research; the research process (problem formulation, sequence); use of informational sources; trade area determinants; data collection methods (questionnaires, interviews, test marketing); and use of market data (interpretation, forecasting, guesses and hunches).

Marketing

- Participants should learn basic advertising, salesmanship, pricing, physical distribution, customer relations, and related marketing fundamentals.
- Sessions should be oriented toward developing the Marketing Plan, providing instruction and demonstrations in objectives; targets; product or service positioning; competition; choosing a governmental, institutional, or general consumer marketing orientation; budgeting; and measurement.

Keeping the Business Records

- Participants should receive instruction aimed at product inventory, consumer lists, payroll and other established systems of management information (with sources of outside assistance in complex areas, if needed).

Principles of Accounting

- Students should be given an understanding of accounting principles sufficient to maintain correct records for financial reporting, tax purposes, and cost accounting
- Students should be taught how to analyze accountants' statements including instruction in balance sheet analysis, cash flow analysis and cash flow forecasting; developing an appropriate chart of accounts; and managerial analysis of all financial statements.

Sources of Capital

- Students should be instructed about the difficulty usually involved in obtaining financing from outside sources.
- Participants should be exposed to the wide range of capital sources (seed money, asset-based debt financing, cash flow based financing, and combination packages).
- Students should be shown how to contact outside capital sources and what to anticipate in dealing with each of the sources.

Taxation

- This module should expose the student to fundamentals of business taxation, including books and records, tax forms, accounting methods, valuation of assets, determining gross profit, and determining net income.
- Students should learn about the tax basis of property (valuation of assets), loss, depreciation methods, bad debts, business expenses, disposal of assets, investment credit, targeted jobs credit, other business credits, self-employment taxes, minimum taxes, excise taxes, etc.

Financial Plan

- Students should be assisted in preparing a Financial Plan for their business, including monthly and annual balance sheets, profit and loss statements, capital expenditure plan, and personal living budget. Sources and uses of funds and debt versus equity positions should be listed.

Personnel Selection, Compensation

- Included in this area should be instruction in resume analysis, interviewing techniques, reference checking, and other principles and techniques useful in personnel selection.
- Also included should be instruction in wage and salary administration and development of appropriate reward systems.
- Students should learn how and when to use outside employment referral agents, either public or private.

Supervision

- Topics should include leadership styles, performance standards, performance measurements, coaching and counseling, participatory management methods, priority setting, methods of follow-up, and problem-solving principles and methods.

Procurement and Inventory Control

- Participants should learn how to find sources of supply; how to compare vendors; how to measure vendor performance; negotiating techniques; how to establish credit; fundamentals of building long-term supplier relationships; etc. This should also be tied directly to instruction in contract law.
- Participants should also learn fundamental methods of inventory management.

Computers as an Aid in Decision-making

- Participants should be given a basic understanding of the use of the personal computer as a business tool. This should include the opportunity for "hands on" instruction. Instruction should cover familiarity with the basic hardware of a computer system; initial operation of the system and use of the keyboard and disc drives; basic word processing; and basic spreadsheet analysis. Students may also be assisted in evaluating the appropriateness of software packages and computer hardware.

Entrepreneurship programs can also be designed exclusively for existing business owners and are usually planned to be more skill oriented. Specific topics might include: taxes, specialized bookkeeping procedures, advertising, government contracting, and changing legal requirements. Business owners may be allowed to select the topics that are of specific interest to them. A variation of this plan could also be designed for owners of one category of businesses such as food stores, photography stores, or small retail shops. This approach requires a service area with a larger number of similar businesses to provide sufficient enrollment.

PART VII. DEVELOPMENT OF A BUSINESS PLAN

While some instructors of business management approach the previously listed training topics as separate tasks, there is a growing trend to relate the training closely to real or anticipated ventures through the development of detailed business plans and worksheets. This approach results in a personalized notebook that is basic reference: a business plan which can be used by the entrepreneur in the early stages of the business. If students do not have a specific business firmly in mind, they may choose one to use as a simulation, and bring the trade knowledge to the simulated experience.

Instructors should assist potential entrepreneurs with preparation of this important document. The student alone should be responsible for writing the business plan, since it is the process of preparing a plan that is important. Preparing a business plan shows that the student understands the major aspects of the business and has given attention to details of the business. Even if someone else assists with typing the plan, it should be under the direct control of the entrepreneur and should reflect his/her personal style.

Flexibility of the Business Plan -- Students should be reminded that the business plan will have to be adapted or tailored depending on its future uses; one plan rarely is satisfactory for all purposes. The plan should be evaluated periodically for its use as a management tool for current business operation and as a planning guide for the business' future growth and change. The business plan may be used as:

- a financing plan for potential investors or creditors,
- a mission statement for new employees, managers, etc.,
- a development/learning/focusing tool for the owner, and
- an evaluation guide for assessing performance.

The plan itself can take any of a number of forms. An outline of a typical business plan is given below.

MARKETING PLAN SUMMARY

The Company and its Industry
    The Company
    Discussion of the Industry
    Strategy, Goals and Objectives

Products or Services
    Description of Product Line
    Proprietary Position, Patents, Copyrights
    Technologies and Skills

Market Research and Evaluation
    Customers--Market Identification
    Market Size, Trends, Cycles and Strengths
    Competition - Strengths and Weaknesses
    Estimated Market Share and Sales
    Ongoing Market Evaluation
    Economics - Margins and Costs

Marketing

- Overall Marketing Strategy
- Pricing
- Sales Tactics and Distribution
- Service and Warranty Policies
- Advertising and Promotion

Design and Development Plans

- Product Improvement and New Products
- Development Status and Tasks
- Legal and Technical Considerations
- Costs

OPERATION PLAN SUMMARY

Management Plan

- Form of Business Organization
- Officers - Roles and Responsibilities
- Key Management Personnel Resumes
- Management Compensation and Ownership
- Board of Directors Composition
- Outside Professional Services

Manufacturing Processes

- Materials
- Source of Supply
- Production Methods
- Operating Schedule of Work

Site Plan

- Geographical Location
- Plant Facilities and Improvements
- Machinery and Equipment
- Real Estate and/or Leasehold Agreements
- Utilities and Transportation

Licensing and Regulations

- Occupational and Business Licenses
- Building Use Permits
- Corporation Filing
- Assumed Names Act Filing
- Environmental Protection Regulations
- Employee and Labor Law

Taxation

- Federal Income and Excise Taxes
- State Income, Employment, Sales and Use Taxes
- Federal and State Tax Credits

Recordkeeping

- Inventory and Property Control
- Payroll Records
- Accounting Systems
- Tax Records
- Customer and Product Lists
- Credit and Collection

Insuring the Business
- Workers' Compensation, Fidelity Bonds, Employee Health and Life
- Fire, Liability, Flood and other Casualty Insurance
- Product Liability or Personal Malpractice

Labor Force
- Number of Employees/Staffing Plan
- Training Needs
- Employment Policies
- Employee Pay and Benefits

FINANCIAL PLAN SUMMARY

Expenses of Start-Up
- Down Payment and Lease on Premises
- Purchase or Lease of Machinery and Equipment
- Inventory
- Utilities
- Salaries and Wages
- Professional Services
- Licenses and Insurance
- Advertising and Promotion

Proforma Financial Statements
- Profit and Loss
- Balance Sheet
- Cash Flow Analysis
- Capital Expenditure Estimates

Comparative Analysis
- Key Business Ratios
- Comparison to Industry Averages

Breakeven Analysis
- Cost of Living Budget
- Predicted Sales Volume
- Monthly Income and Expense Statement
- Cash Flow Projections
- Proforma Balance Sheet
- Profit and Loss Forecast

Proposed Company Offering
- Summary of Financial Needs and Application of Funds
- Desired Debt and Equity Financing
- Securities Offerings
- Capitalization Plans
- Use of Funds
- Potential Return to Investors

PART VIII. STARTING AND SUPPORTING THE BUSINESS

The real test of an entrepreneurship project is not the completion of the training course and development of a business plan, but the successful start-up and operation of a business. Establishing the business encompasses many areas of preparation, planning, and hard work. Entrepreneurs will need assistance in refining the business plan for presentation to sources of financing, developing professional business behaviors and practices to deal with customers and suppliers, securing capital for their venture, choosing a suitable location for the business, managing their personal and business budgets, and utilizing professionals (lawyers, accountants, etc.) to assist in their ongoing operations.

REINFORCEMENT OF COURSEWORK

The entrepreneurship project operator must assist the fledgling entrepreneurs in transferring classroom experience into a real life setting.

Many programs will choose to reinforce the general coursework and business plan with real life experience through role modeling, mentors, and advisory councils. Existing business owners can make their experience available for the entrepreneur's benefit, provide business and personal counseling, and assist in preparing and supporting the presentation of the business plan. This reinforcement allows the participants to gain experience in a business similar to the one they plan to start, and to learn the inside points or trade knowledge which can be invaluable when they do start a business.

Role Models -- Exposure to and interaction with successful role models is an important aspect of preparation for business. This may be provided through the program's advisory council, guest speakers, student/mentor relationships, or special group or one-on-one counseling. Experience shows that this type of interaction is especially important when the target group has not traditionally produced a large number of entrepreneurs. Minorities, women, low-income individuals, etc., may need some additional personal support and encouragement to establish and maintain a successful business.

The program may want to regularly schedule roundtable discussions and seminars in cooperation with local business professionals. These monthly seminars would cover a wide range of topics which relate to owning and operating a business.

Mentors -- Each participant may be paired with an owner/manager mentor of a business similar to that which the student plans to start or has started. The ongoing relationship will allow the new business owner to test ideas with an experienced business owner.

Advisory councils -- Advisory council members can provide their various expertise to the program participants, assisting in the preparation and evaluation of each participant's business plan, and possibly arranging for introductions to financing sources.

The advisory council should be made up of local business and educational leaders who are interested in the community's economic welfare. The council might include a banker, lawyer, small business owners, a representative of the local chamber of commerce, an accountant, faculty and administrators from a local college or university, and a representative from the Small Business

Administration. Another person who may be asked to work on the council is the business editor or a reporter from the local newspaper who could be helpful in publicizing the program and in preparing brochures and other announcements. A committee composed of ten or twelve members is large enough to be representative of the community but small enough to be workable.

Peer Group Support -- Entrepreneurs not only need support services for their businesses, they often need personal counseling and support. A certain amount of peer group support will probably develop as a result of classroom training, sharing business plans, and comparing experiences. Some programs take this esprit de corps one step further by making peer group meetings a standard part of the program during and following the training phase. Participants can also benefit from contacts made possible by their interaction with a community advisory council. This interaction is the first step in building a network of contacts which the entrepreneur can draw on after he or she completes the training program.

Participants may need coaching and basic assistance to overcome old habits and learn appropriate business language, attitudes, and behaviors. A peer group may be an adequate medium for practicing these behaviors. A business-like relationship between the program operator and the entrepreneur, such as requiring some payment for the operator's services (training, critiques, counseling), can also be used to establish good business habits and attitudes.

Constant personal motivational support is very important in surviving the transition from classroom to business operation. Friends and family members may not take the entrepreneur seriously, and may be less than supportive of his or her business endeavors. This is a source of conflict for the potential new business owner, who needs supportive relationships during this transition phase. The program's potential business owners should be encouraged to support each other during this critical time.

Experienced program operators have also found that personal support can be vital for entrepreneurs of modest financial means or for those who have been unemployed for a long period. One-to-one counseling can be a valuable service to these entrepreneurs, to address personal problems which are not normally a part of entrepreneurial training. Personal issues can be of major concern, especially with support services such as adequate affordable child care, transportation assistance, health care, and other assistance.

CRITIQUE OF THE BUSINESS PLAN

It is probable that all participants will require some critique of and feed back on their business plans. Unless the business is already in operation and needs no additional financing, the individual will need experience in presenting the business plan to sources of financing. Some programs require the participants to practice presenting the plan to classmates for their critique.

Areas of evaluation should include the viability of the plan for the market area and the available labor force, appropriate business size for the entrepreneur's capabilities, and sufficient projected profits to cover the financial needs of the business as well as those of the entrepreneur and his or her family. If the individual is inadequately prepared at this time, additional study may be suggested before he or she proceeds any further.

Advisory Council Critique -- The participation of an advisory council can be valuable at this stage, to evaluate the presentation of the business plan. The evaluators may see that the business plan needs to be further refined before the individual purchases equipment to carry out the plan or before the plan is presented to potential sources of capital.

SBDC Review -- The local Small Business Development Center may be involved in the ongoing development of the business. The SBDC team can review the business plan for accuracy, relevance, and completeness and make suggestions for improvement. In this way, the participants may have immediate feedback regarding the development of their businesses.

Final Evaluation of the Business -- Some program operators take the view that it may be necessary at this point to recommend that the business is not started -- if, in the opinion of the project operator, the business plan is not sound, or the entrepreneur is not prepared to operate the business. Entrepreneurs may invest their life savings, mortgage their house, and put themselves into deep personal debt for their ideas. However, if the investment is not a sound one, some program operators feel that it is their responsibility to advise the entrepreneur against it.

Of course, some millionaires have made their fortunes on ideas that no one would have expected to work. Accordingly, other operators feel that after receiving the best assistance available, some firms will nonetheless shut down within a year or so. They feel that it is important not to ensure that the market will accept a new service or product, but rather to ensure that the firm gets a fair chance to be judged on the merits of its performance and the demand for its product. By minimizing failure due to poor preparation, a good training program gives its recipients a fair shot. Some firms will grow, some will remain a given size, and some will be forced to shut down.

Home-Based Businesses -- Some entrepreneurs may want to establish their business in their home. This can be an issue of concern if that home is in an apartment complex or if home-based business is regulated or restricted.

Individual Counseling -- Program participants might be scheduled for periodic individual counseling sessions, utilizing Small Business Development Center project staff and available private sector resources. These counseling visits should be utilized to assess such factors as business appearance, displays, customer traffic, inventory levels, prompt payment of bills, and to answer questions and make referrals as necessary. In addition, counseling appointments may be requested by the participants as needed.

Exhibit #8 lists information resources, sources of management assistance, employee training/labor programs, sources of financing, and private sector/government councils which may be useful to the participants.

SOURCES OF INFORMATION

The program operator should consider access to other services to be as important as basic training delivery. Participants can plan their business operations on paper and feel that they are perfectly prepared for whatever comes their way. It is likely, however, that these new entrepreneurs will need guidance, advice, and technical assistance to keep their new businesses operating successfully.

Entrepreneurs should be made aware of the management and technical assistance, counseling, and other resources available to them through community groups; professional organizations; federal, state, and local governments; and other service providers.

Access to Outside Resources -- Some entrepreneurs will lack the broad-based business experience and adequate time to devote to each business issue which is necessary to operate efficiently. The program operator may wish to make arrangements with local professional organizations (e.g., lawyers and accountants) to provide services and professional consultation to the program participants. These professionals may even agree to provide services to participants for a reduced fee.

Use of Outside Financing -- Entrepreneurs should be encouraged to be cautious in their use of outside financing. The business may need a period of time to stabilize, and the owner may need all of the business' income for living expenses. It is important to keep overhead as low as possible, so that all of the profits do not go for payments on a fixed asset or capital loan.

SYSTEMATIC SOURCES OF FOLLOW-UP

After the formal business management training, systematic follow-up will support the individual in the attainment of the small business' goals. Follow-up is another key component of any self- employment project. One of the critical problems of the small business owner is isolation. The business is so time consuming that the owner often does not have the opportunity to review the progress of his business, identify and resolve problems that come up, or make plans for the future.

The Service Corps of Retired Executives (SCORE) -- SCORE and the Active Corps of Executives (ACE) are good sources to contact for individuals to serve in this capacity. Officials of these organizations recommend contacting the nearest Small Business Administration office for information on local SCORE or ACE chapters.

Small Business Development Center (SBDC) -- SBDC staff can help business owners and potential entrepreneurs to resolve problems and obtain continuing training, counseling, and technical assistance. This continuing support system will significantly enhance the project participant's chances for success in business. The SBDC's services consist of counseling, technical assistance visits, workshops and seminars, and access to private consultants.

PART IX. LOCATING SOURCES OF BUSINESS FINANCING

Self-employment training will be wasted if financing is not available. Possible sources for the debt and equity capital required by the business for start-up must be explored before an extensive investment is made in training and support. Each project participant who successfully completes the training component and who has developed a sound business plan must be directed to these financing sources.

Program operators need to assess local resources, both public and private, to understand financing possibilities for new small business owners. Those participants who have completed and are prepared to implement their plans should be made aware of the limited range of possible sources of financing.

It is critical for the self-employment program staff to understand financing enough to make sure the entrepreneur is adequately prepared. The program may have to organize the financing arrangements needed and assist the entrepreneur in dealing with sources of financing. New business owners typically need assistance in negotiating and writing contracts and partnership or corporate papers, setting up schedules to return capital to their investors, etc.

Collateral and risk are important concepts in preparing participants to assume responsibility for their investments. As business owners, they need to know that they are risking something to start the business and that failure carries ramifications. Some program operators integrate the finance component in the class instruction and require each individual to present the plan to at least three sources of capital. Understandably, once the entrepreneur is prepared and a business plan completed, local financiers and bankers can be approached to fund a portion of the start-up business.

Although there are a number of traditional sources of capital, it is not unusual for entrepreneurs to be denied access to them. Like most other small businesses, self-employment program graduates will often have to use their own savings or sell personal assets to supply the start-up and working capital they need. Alternatively, a small business owner may be able to secure debt funding from supporters, customers, friends or family members, or from lending institutions.

Self-employment programs should be based on the expectation that most of the start-up capital for the businesses will come from personal equity sources. The advantage of not having large debt, especially in the case of a start-up business, is obvious. Cash flow from the business is crucial to its survival. Any sort of large debt puts a drain on the profits which create the cash flow. However, a small amount of debt is sensible. The outside debtors are a further screening device, weighing the viability of the proposal against other such ventures. If the proposals are sound, they should also be "bankable" in the real world.

Each recipient should have a say in designating the source of equity investments, or if needed, the collateral and the terms of a loan, whether it is with a friend or relative, through a public funding source, or with a traditional financial institution.

EQUITY SOURCES

Personal Assets -- Most people have accumulated some equity in personal assets such as a home, a second vehicle, or hobby equipment like a boat. People starting a new business and trying to finance the business might try to sell these assets to generate funds to capitalize the business. This offers the advantage of not having loan debt to repay during the early years of a business and also shows other investors the commitment of the owner.

Personal Savings or Insurance -- Individuals with bank passbooks, certificates of deposit, U.S. savings bonds, permanent life insurance, or other savings should view these as a source of financing. For example, permanent life insurance may have a cash surrender value whereby the individual can cash in the policy and receive a refund of premiums paid. Alternatively, these personal savings can be used as collateral to secure debt financing.

Conversion of savings should be explored carefully to determine the effect on the family if funds are not repaid.

Personal or Family Investors -- Of all the sources of equity financing, next to personal assets, this is the most commonly used and perhaps the one source most abused.

Because more than money is at stake, a small business owner that secures equity funds from family members or friends should enter the relationship on a strictly professional business basis.

Customer Financing -- Often overlooked, consumers themselves could play a role in financing the business, especially for personal or professional services firms. Customers that make advanced deposits, pre-pay for services, or make payments for work in process are essentially financing the firm.

Even though this kind of financing can help preserve business cash, it should be viewed as a risky means of obtaining cash for the firm's operating needs.

DEBT FINANCING

Program participants should be coached as to typical lending practices, sources of funds, and other parameters before they approach lending sources. They should also be made aware of the differing kinds of credit and the cost.

Leasing Agents -- Leasing companies allow the new smaller firm to obtain needed equipment with a small cash down payment and regular monthly payments. Leasing has advantages and disadvantages both for the leasing agent and the small business that rents equipment. Leasing companies may be able to use favorable federal tax advantages, and thus lease terms are often only slightly higher than if the asset were financed with a bank note. If the lease is an operating contract, the lease company retains title.

Trade Credit -- Although it is often overlooked, trade credit is a frequently used means of debt financing. Trade credit is extended from suppliers who accept deferred, rather than immediate, cash payment. Trade credit conceivably could be generous enough to allow use or resale of the product, so that the customer's cash, not the business', pays the supplier.

Exhibit #9 lists financial analysis rules and ratios which banks use to determine the creditworthiness of a project and which may be helpful to the entrepreneur in determining whether the business will supply the income stream necessary for business survival and growth.

Institutional Investors -- Banks, savings and loans, and commercial credit companies expect the small business owner to make a significant personal investment, an equity investment, in the business prior to any lending activity. The lack of personal capital is viewed as a sign of greater risk and less commitment on the part of the owner.

Traditional lending institutions try to minimize risks associated with lending, and often show skepticism about loan applications from start-ups. For this reason it is important that any self-employment program work closely with local banks prior to graduation of its students to develop a more receptive atmosphere.

Banks sometimes can provide loans to those program graduates and business start-ups whose businesses are closest to their normal small business loan portfolio. Even so, the commercial loan will have to be adequately secured, which usually means the loan must be used to finance hard assets only, such as equipment or facilities.

Smaller loans can sometimes be obtained through the bank's consumer loan division. Security in the form of a second mortgage on the borrower's house or a lien on property such as an auto is usually required. Sometimes, especially in urban areas, a bank needs small business lending and publicity to meet its Community Reinvestment Act (CRA) obligations to serve its base community. If the self-employment program works properly, it will open up viable new loan markets for the bank.

Factoring Companies -- Another mechanism for assisting business owners is factoring, or the purchase of accounts receivable. The factoring company would purchase accounts receivable from the small business owner. In some cases the customer is directed to make payment directly into a trust account. The business owner sometimes pays a fee or percentage of the invoice for the transaction as well as interest costs of borrowing money, but can obtain cash without waiting the normal 60 to 90 days for payment. Factoring companies are not concerned with creditworthiness of the company, but rather the strength of the receivables. If the product has been sold to an established company the account receivable can be sold to produce working capital.

OTHER SOURCES OF FUNDS

Corporate Adopt-A-Business Programs -- Cultivating CEOs of local corporations for membership on a local advisory council can be useful for the entrepreneur. It is possible that some would consider subcontracting for products or services from an appropriate program graduate. This could be an existing product or service, or an experimental one newly identified by the trainee or the corporation.

State and Federal Loans -- Although public funds have their limitations, entrepreneurs should be made aware of such funds, including state loan funds, federal guarantee programs, and city loan funds. Most public sources of funds will require 20-25 percent owner equity, private bank financing, and some guarantee that job creation will occur. In order to secure these funds, the self-employment prospects will have to provide the public financiers with their comprehensive business plan for review and analysis. The typical review and analysis will cover, in most cases, items such as cash flow compared to debt service, adequacy of working capital, quality of debt, and supportive trends and projections. Supportive trends would include guarantees for contract sales or other proof of the viability of the market potential of the business.

The Illinois Department of Commerce and Community Affairs offers several important financing programs to help the start-up business. Each of these can be looked at, along with the associated requirements.

Certified Development Corporations (CDCs) -- CDCs, which are organized under rules of the U.S. Small Business Administration, operate in each region of the state. In addition to financing those projects which meet appropriate financing standards for the 504 program, the 504 CDC can help with standard loan packaging, cash flow projections, pay back schedules, and other details.

Investor Fairs -- Some entrepreneurship projects in the U.S. have held local investor fairs, where private financiers are brought together to hear the presentation of viable, but unfinanced business plans. These sessions usually are structured to maintain the financiers' anonymity.

Local Revolving Funds -- Many communities in Illinois use available economic development funds to establish revolving loan pools to promote business and industrial growth. These local revolving loan programs provide for low-interest direct loans and/or loan guarantees in conjunction with local financial institutions. Generally, only new industries attracted to the area and existing industries undertaking expansion are allowed to utilize the program funds.

Business Plan Competitions -- Industrial development corporations in some areas offer prizes, ranging from $1,000 to $5,000, to the entrepreneur or business owner who submits the best business plan. To enter, the business generally must expand or start up a facility that will add jobs to the community. This kind of effort also helps to focus the community's attention on the importance of new business creation.

ENTREPRENEUR'S SEED FUND

Communities might secure special funds and make them available as part of preparing the individual for future access to credit sources. Operating a seed fund will involve greater participation and effort on the part of the program operator. Several aspects of a seed fund need to be considered.

For persons with little or poor credit histories, very small loans with very quick payback periods are recommended until the client can build a record of successful repayments. Loans may be as small as $250 with full payback expected in one week or less. Interest rates on such loans are generally not subsidized.

Another option for the seed capital fund operator is to finance 50 percent of a contract or purchase order so that the individual can finance supplies or materials. The business owner brings in a purchase order for the product or service, and the program can loan him or her up to 50 percent of the order price. The individual then repays in a lump sum or according to a predetermined payment schedule.

The seed capital fund operator might also establish a line of credit for the entrepreneur which is tied to monthly sales goals, seasonal activity such as holidays, or specific phases of the business plan. The business owner is allowed to draw down on the line of credit and repayment is tied to activity in the business. A ceiling is set on the loan amount, so that the owner can repay and then draw more money as needed.

One innovative program pooled the talents of the participants to raise funds for a revolving loan program. Concessions contracts for local festivals, stadiums, etc., were negotiated, and the participants donated their time so that all profits went to the revolving loan fund.

PART X. PROGRAM EVALUATION

It may seem that the only measure of the program's success is how many of the participants start businesses. Other factors to consider include how many new jobs are created by those businesses, how long the entrepreneurs stay in business, whether individuals who do not start a business are more employable as a result of the training, and whether individuals feel that the program was a success because it showed that starting a business was not appropriate for them.

Participants should be contacted by phone or mail at several intervals after completing their training (e.g., quarterly for the first year and yearly up to five years afterward). Some participants will respond positively to follow-up calls or contacts; others may view it as a nuisance. It is important that participants are aware at the beginning of the program that follow-up contacts will be included with the training services they receive. Although some programs only require a telephone conversation for follow-up, participants may be required to provide reports to the program operator including a summary operating statement, detailed balance sheet, and a cash flow forecast. Some information which the program operator may request includes:

- Did you start a business?
- If so, did you start the specific type of business for which you prepared a business plan during the program?
- Is the business still in operation?
- Please list significant problems and successes with your business.
- If the business is no longer in operation, for what period of time was it in operation?
- If you are not currently operating your own business, where and how are you employed?
- Please list aspects of the program which have been useful to you in your current employment.
- What supplementary skill training do you feel would help you to advance in your current employment?
- If you are not self-employed, please report on progress towards becoming self-employed, such as sources of capital contacted, responses from these sources, additions or changes to the business plan, reasons (if any) for not starting a business, etc.
- Were you satisfied with the training program?
- What suggestions would you make to modify the program?

The program operator may also ask for an evaluation from the community advisory council and the instructors or speakers who contribute to the program. Their suggestions and comments can provide another view of the training process, and should be considered in making adjustments and improvements for any future operation of the program.

Most programs will require modification from one session to the next. Certain techniques will be successful and others will be less so. Each group of participants may respond to the material and its delivery differently, and the coordinator may choose to make adjustments during the course session as needed, or use that response in planning the subsequent session.

ORGANIZING SELF-EMPLOYMENT PROGRAMS

A Guide for Development Organizations

EXHIBITS

Office of Urban Assistance
Illinois Department of Commerce and Community Affairs
March, 1987

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Exhibit #1

PLANNING MATERIALS

References in this exhibit were adapted in part from Resource Notebook for Minority Business Development Center Representatives, Oklahoma State University, School of Occupational and Adult Education, 1983.

Beyond a Dream: An Instructor's Guide for Small Business Exploration. Balogh, Judy, et al. Columbus, Ohio: The National Center for Research in Vocational Education, The Ohio State University, 1985.

> This ten unit training package can be used by educators and trainers to help adults determine their self-employment potential and to guide them in developing a personal plan of action for a small business start-up. The 10 units are as follows: assessing self-employment potential, evaluating business skills, building a support system, assessing personal finances, completing a product or service survey, conducting a competitive market survey, planning a business, developing a business plan, using resources available for your small business, and developing a personal plan of action. Approximate cost: $25.00.
>
> The National Center for Research in Vocational Education
> The Ohio State University
> Box N, 1960 Kenny Road
> Columbus, Ohio 43210-1090
> (800) 848-4815

Entrepreneurship for Women: An Unfulfilled Agenda. Eliason, Carol. Columbus, Ohio: The National Center for Research in Vocational Education, The Ohio State University, 1981.

> This monograph outlines the characteristics and needs of the small business owner, emphasizing recent developments in entrepreneurship education for women. The intended audiences are coordinators and instructors of entrepreneurship education programs as well as current and prospective women entrepreneurs. The monograph is divided into five major sections: background characteristics and needs of entrepreneurs, developments in entrepreneurship education, federal programs in support of women entrepreneurs, private sector initiatives in entrepreneurship training, and entrepreneurship training and vocational guidance.
>
> The National Center for Research in Vocational Education
> The Ohio State University
> 1960 Kenny Road
> Columbus, Ohio 43210-1090
> (800) 848-4815

Entrepreneurship: A Career Alternative. Hanson, Garth A. Columbus, Ohio: The National Center for Research in Vocational Education, The Ohio State University, 1984.

This publication investigates the entrepreneurship literature to provide vocational and adult educators with resources for teaching entrepreneurship skills. Included in the information are the following: personal characteristics of entrepreneurs, factors to consider in selecting an entrepreneurial venture, how to start entrepreneurial endeavors, communication needs of entrepreneurs, stabilization and growth of entrepreneurial organizations, and learning how to become an entrepreneur. Included in the publication is a list of references to materials that will aid the aspiring entrepreneur. Approximate cost: $4.25.

The National Center for Research in Vocational Education
The Ohio State University
Publications Office
Box N, 1960 Kenny Road
Columbus, Ohio 43210-1090
(800) 848-4815

How To Start Your Own Business: Women Entrepreneurs Project. McCaslin, Barbara S., and McNamara, Patricia P. Los Angeles, California: University of California-Los Angeles, Division of Vocational Education, 1977.

A small business management program targeted for women at post-secondary and/or adult levels is described in three volumes: Final Report, Instructors' Manual, and Instructional Materials. A survey of California women business owners was made to identify the characteristics and needs of women entrepreneurs. Based on this survey, an entrepreneurship education program and curriculum were developed and pilot tested with eight women. The final report describes the background of the project, need, purposes and objectives, procedures for curriculum development, procedures for testing the curriculum materials, and the survey used to identify characteristics and needs of women entrepreneurs. The instructor's manual (the second volume) provides information needed to teach an entrepreneurship course by using curriculum materials developed through the project. The instructional materials (the third volume) are self-paced, student-centered modules which take the learner through the process of preparing a business plan. Students actually prepare a business plan through a series of simulated learning activities.

Organizing Small Business Programs in Community Colleges. Nelson, Robert E. Urbana-Champaign, Illinois: University of Illinois, 1982.

This reference book explores the steps needed to organize a business management program at the adult level. The book includes the topics of: decision guidelines, participant needs, program content, advisory committees, needs assessment strategies, financing the program, promoting the program, program details, and evaluating the program.

Curriculum Publications Clearinghouse
Western Illinois University
Horrabin Hall 46
Macomb, Illinois 61455
(800) 322-3905 in Illinois
(309) 298-1917 outside Illinois

Sourcebook for Improving Post-Secondary Education for Self-Employment. Winter, Gene M. Albany, New York: State University of New York at Albany, Two-Year College Development Center, 1979.

This sourcebook on small business/entrepreneurship programs is written for coordinators or instructors of entrepreneurship programs at post-secondary levels. The major content includes a synthesis of ideas and recommendations in ten decision areas which coordinators of entrepreneurship programs must address: purpose or need, clientele, client characteristics, program objectives, program structure and scope, funding and support, staffing, recruitment and selection, evaluation, and program content. Basic questions and supportive materials are provided to assist with decision-making. Listings of resource and instructional materials are appended. Six case studies of small business ventures are presented with questions to guide class discussions, individual assignments, and instructor presentations. Guidelines for evaluating program planning, recruitment and selection, instructional objectives, staffing, and program impact are also outlined. A listing of contact persons at post-secondary institutions and a topical paper on recruitment and funding are also provided.

Exhibit #2

LEVEL OF ENTREPRENEURIAL ACTIVITY

The following worksheet can be used in gathering data on the level of entrepreneurial activity in a community. Results should be viewed as an indicator of potential demand.

DATA:	SOURCES:
Number and types of new corporations formed during last 3-5 years	Secretary of State's Office -- Corporation Unit
Number and types of new start-ups (other than corporations)	City License Bureau and County Clerk's records
Number and types of business permits issued	City and county records
Number and types of patents issued	U.S. Patent Office records or regional patent library
Level of participation in organizations	Survey of trade associations, chambers of commerce, entrepreneurial clubs
Level of attendance at pre-business workshops and business education courses	SBA, SCORE, SBDCs, business schools, chambers of commerce
Number of locally generated spin-off companies formed in last three years (number, type, parent firm)	Survey of major local corporations, chamber of commerce members, banks, venture capitalists
Extent of new business failures (number and types)	City, county and/or state records, Dun and Bradstreet
Number of start-up business plans being considered by local individuals	Interviews and surveys of local banks, SBA "504" companies, accounting firms, attorneys, and local venture capitalists

CHARACTERISTICS OF THE ECONOMIC BASE

List major types of business activity in the community. Note companies in each industry type by SIC code, gross sales, and number of employees. Compare the local economic activity by major industry classification, with the number and size of businesses in other communities of similar size, e.g., number of firms in an SIC class per capita. The comparison should help to identify community economic strengths, the surplus or deficit of different types of businesses, and major industrial concentrations.

Non Durable Goods Mfg.

Durable Goods Mfg.

Transportation
and Utilities

Wholesale Trade

Retail Trade

Commercial Services

Personal Services

Exhibit #3

SUPPORT NETWORK

This worksheet will help to examine the ability of the community to provide the necessary support for entrepreneurs including, but not limited to, technical assistance and training, assistance in attracting employees, and assistance in business start-up financing.

DATA:	SOURCES:
Availability of community pre-business and continuing business workshops	Colleges, SCORE, chamber, etc.
Technical and management assistance programs, e.g., product search and evaluation, overall management, marketing, accounting	Universities, community colleges, existing businesses
A local capital fund to assist businesses	Banks, venture capital, city programs, utility companies, etc.
Available state or federal government small business loan programs	DCCA Marketing Representatives, local development corporations
General local lending policies conducive to small business lending	List lending requirements
A service providing new businesses with information on available technical and financial sources	Small Business Development Centers, universities, community colleges, chambers, etc.
Local policies to encourage small business formation	Local economic development agencies, tax abatements, enterprise zone status incentives, and other special benefits
A one-stop business permit center or fast track permit process	DCCA One-Stop Permit Center and Small Business Hotline
Adequate media coverage of issues of concern to small businesses	Media coverage, chamber membership reflects commitment, etc.

COMMUNITY ADVISORY COUNCIL WORKSHEET

This worksheet can be used to determine the range of organizations and individuals you would like to include in your program. The emphasis should be on getting as broad a range as possible. This should include the private sector (both small businesses and representation from large corporations) and the public sector.

1) Local Government NAME:

____ Mayor
____ City Council Member
____ City Manager
____ Economic Development Director
____ Other ______________________

2) Private Industry

____ Company Officer
____ Purchasing Officer
____ Real Estate Developer
____ Architect
____ Law Firm
____ Management or Accounting Firm
____ Engineering Firm
____ Construction Company
____ Other ______________________

3) Private Lending Organization

____ Commercial Bank
____ Savings and Loan
____ Venture Capital Group
____ Other ______________________

4) Local Development Organization

____ Chamber of Commerce
____ Local Development Corporation
____ Industrial Development Council
____ Private Industry Council
____ Other______________________

5) Community Organization

____ Kiwanis Club
____ Jaycees
____ Other ______________________

6) Educational Institution

a) University
____ President
____ Professor of Business or Planning
____ Director, Small Business Development Center
____ Other ______________________

b) Community College
____ President
____ Professor of Business or Planning
____ Director, Small Business Development Center
____ Other ______________________

EXHIBIT #4

SAMPLE INTAKE AND TRACKING FORMS

Client Listing of Interests

Name	Business Venture	Business Area	Age	Sex	Race	Yrs. Educ.	Yrs.Bus. Exper.

Periodic Indicators Report

CLIENT ANALYSIS	PLANNED	ACTUAL	% OF PLAN
1. Recruited			
2. Screened			
3. Enrolled			
TOTAL Clients			

TRAINING	NUMBER	YEAR TO-DATE	% OF PLAN
4. In Training			
5. Completing Training			
6. Business Plans Developed			
7. Financial Plans Developed			

START-UP ASSISTANCE	NUMBER	YEAR TO-DATE
8. Finance Search Initiated		
9. Financing Secured		
10. Start-Up Initiated		
11. Jobs Created		

SUPPORT SERVICES	NUMBER	YEAR TO-DATE
12. Counseling Sessions		
13. Referrals		
14. Follow-Up		

REFERRALS TO:	NUMBER	YEAR TO-DATE
Vocational Training		
Academic Training		
Employment		
Other		

CHARACTERISTICS OF DIRECT CLIENTS SERVED

PROGRAM FUNCTION

(NUMBERS CORRESPOND WITH PERIODIC INDICATORS REPORT)

CLIENT CHARACTERISTICS	1	2	3	4	5	6	7	TOTALS
Handicapped/DD								
Veterans								
Race:								
Black								
Hispanic								
White								
Other								
Age:								
Under 21								
21-59								
60 & Over								
Sex:								
Female								
Male								
Total:								

PROGRAM FUNCTION

(NUMBERS CORRESPOND WITH PERIODIC INDICATORS REPORT)

CLIENT CHARACTERISTICS	8	9	10	11	12	13	14	TOTALS
Handicapped/DD								
Veterans								
Race:								
Black								
Hispanic								
White								
Other								
Age:								
Under 21								
21-59								
60 & Over								
Sex:								
Female								
Male								
Total:								

Exhibit #5

SAMPLE ASSESSMENT TOOLS

CHECK YOUR SMALL BUSINESS ABILITY SAMPLE QUESTIONNAIRE

(Adapted from the "Checklist for Going Into Business", U.S. Small Business Administration.)

Thinking of owning and managing your own business? It's a good idea -- provided you know what it takes and have what it takes. Starting a business can be risky but your chances of success will be better if you understand the problems you'll meet, and work out many of them before you start. Here are some questions to help you think through what you need to know and do. Answer the questions yes or no.

Think about why you want to own your own business.
  Do you want it badly enough to work as many hours as it takes without knowing exactly how much money you'll make as a result?
  Are you the kind of person who can get a business started and make it go?
  Have you worked in a business like the one you want to start?
  Have you worked for someone also as a foreman or manager?
  Have you had any business training in school?

Think about the money needed to start your business.
  Do you know how much money of your own you can put into the business?
  Do you know how much credit you can get from your suppliers -- the people you will buy from?
  Have you talked to a banker about your plans?
  Do you know where you can borrow the rest of the money you need to start your business?

Consider your personal living budget.
  Have you figured out what net income per year you expect to get from the business?
  Did you count your salary and your profit (on the money you put into the business) that you expect to make?
  Can you live on less than this so that you can use some of it to help your business grow?

Think about how you will start your business.
  Have you considered going into business with a partner?
  If you need a partner with money or know-how that you don't have, do you know someone who will fit -- someone you can get along with?
  Do you know the good and bad points about going it alone, having a partner, and incorporating your business?
  Have you talked with a lawyer about it?

Consider the business climate.
  Do most businesses in your community seem to be doing well?
  Have you tried to find out whether stores like the one you want to open are doing well in your community and in the rest of the country?
  Do you know what kind of people will want to buy what you plan to sell?
  Do people like to live in the area where you want to open your store?
  Do they need a store like yours?
  If not, have you thought about opening a different kind of store or going to another neighborhood?

If the answer you provided is YES you have completed at least part of process of starting a new business. Where the answer is NO, you probably have some additional work to do in order to make your business the success it could be.

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Under each question, check the answer that says what you feel or comes closest to it. Be honest with yourself.

Are you a self-starter?

- I do things on my own. Nobody has to tell me to get going.
- If someone gets me started, I keep going all right.
- Easy does it. I don't put myself out until I have to.

How do you feel about other people?

- I like people. I can get along with just about anybody.
- I have plenty of friends. I don't need anyone else.
- Most people irritate me.

Can you lead others?

- I can get most people to go along when I start something.
- I can give the orders if someone tells me what we should do.
- I let someone else get things moving. Then I go along if I feel like it.

Can you take responsibility?

- I like to take charge of things and see them through.
- I'll take over if I have to, but I'd rather let someone else be responsible.
- There's always some eager beaver around wanting to show how smart he is. I say let him.

How good an organizer are you?

- I like to have a plan before I start. I'm usually the one to get things lined up when the group wants to do something.
- I do all right unless things get too confused. Then I quit.
- You get all set and then something comes along and presents too many problems. So I just take things as they come.

How good a worker are you?

- I can keep going as long as I need to. I don't mind working hard for something I want.
- I'll work hard for a while, but when I've had enough, that's it.
- I can't see that hard work gets you anywhere.

Can you make decisions?

- I can make up my mind in a hurry if I have to. It usually turns out okay, too.
- I can if I have plenty of time. If I have to make up my mind fast, I think later I should have decided the other way.
- I don't like to be the one who has to decide things.

Can people trust what you say?

- You bet they can. I don't say things I don't mean.
- I try to be on the level most of the time, but sometimes I just say what's easiest.
- Why bother if the other fellow doesn't know the difference?

Can you stick with it?

- If I make up my mind to do something, I don't let anything stop me.
- I usually finish what I start -- if it goes well.
- If it doesn't go right away, I quit. Why beat your brains out?

How good is your health?

- I never run down!
- I have enough energy for most things I want to do.
- I run out of energy sooner than most of my friends seem to.

Now identify the checks you made. If most of your checks are beside the first answers, you probably have what it takes to run a business. If not, you're likely to have more trouble than you can handle by yourself. You should probably find a partner who is strong on your weak points. If many checks are beside the third answer, perhaps you should reconsider your plans.

FINANCIAL REALITY TEST:*
FORECASTING SALES BASED ON INCOME NEEDS

WORKSHEET

I. Type of Business: ______________________________

II. Income requirements of business:

A. Wage projection:
(1) What is your current annual salary? ______________
(2) What is the standard owner's salary for this type of business?** ______________
(3) What are your annual income needs? ______________
(4) Sum of 1 + 2 + 3 ______________
(5) Divide line 4 by the number 3 $\frac{(\qquad\qquad)}{3}$ ______________
(6) What percent of your time and/or income will be tied to this business? ______________
(7) Wage requirements of business:
(A6) X (A5) = (   ) X (   ) = ______________

B. Investment income:
(1) How much of your money will you invest in this business? ______________
(2) What rate of return can you obtain on this money now? (If you don't know, put in the current bank certificate of deposit rate.) ______________
(3) Return on investment requirements:
(B2) X (B1) = (   ) X (   ) = ______________

C. Reinvestment needs of business:
(1) How much of the business' profits must be annually retained for investment in new equipment and expansion of inventory and receivables? ______________

III. Total income requirements of business:
(A + B + C) = ______________

IV. Projected profits as a percent of sales: ______________

V. Sales necessary to meet income requirements:
$\frac{III.}{IV.} = \frac{(\qquad\qquad)}{(\qquad)}$ ______________

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* Reference: Journal of Small Business Management, October, 1982.
** Obtained from Cost of Doing Business -- Dun & Bradstreet, Inc. (Note that these figures are medians which represent the performance of the average firm in the industry, half will do better and half worse.)

SKILL DIAGNOSIS EXERCISE*

The goal of this exercise is to help identify those skill areas in which you may need help. This exercise is not intended to predict how well you will do in a small business.

The items below ask questions about key skill areas related to small business success. For each of these items, darken the circle on the answer sheet for the letter of the one statement that best answers the question.

Please do not guess on these items. It is to your advantage to try to answer them carefully, without guessing, so that the project can have an accurate picture of your needs in order to best serve you. If you are unsure about the answer to a particular item, just mark "E" for "Don't know" on your answer sheet.

1. Joe is thinking about starting a new venture. He has a high need for achievement, is unwilling to take even moderate risks, and is innovative and responsible. Which of the following of Joe's traits suggests that Joe is not ready to enter into his own small business?

   A. Creative and innovative ideas
   B. High need for achievement
   C. Avoidance of risks
   D. Acceptance of personal responsibilities
   E. Don't know

2. Financial ratio analysis is a management tool that can be useful in assessing all of the following about a new venture except:

   A. Return on investment
   B. Marketability of new product or service
   C. Business liquidity
   D. Inventory needs of the company
   E. Don't know

3. Jane is interested in always having an accurate picture of her company's future income and expenses 1 to 3 years in advance. She would also like to have a clear idea of how much cash will be needed at which times during this future period. Which two financial records would be most useful to Jane in keeping this financial information on hand?

   A. Cash-flow and balance sheet statements
   B. Deviation analysis and pro forma income statements
   C. Pro forma income and cash-flow statements
   D. Profit-and-loss statement and break-even analysis
   E. Don't know

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* Reference: The Small Entrepreneurial Enterprise Center Director's Guide, developed and written by the American Management Associations and funded by the U.S. Department of Labor's Office of National Programs.

4. Which of the following pieces of information is most important for a lender in deciding whether or not to give you a loan for your new venture?

   A. The number of long-term loans you have
   B. The number of short-term loans you have
   C. Debt/Worth ratio
   D. Gross margin/net profit ratio
   E. Don't know

5. When you are selecting a site for a new venture, which of the following should not be a major consideration?

   A. Number of competing businesses
   B. Average customer income
   C. Area population
   D. Rental fee
   E. Don't know

6. Which of the following is not an example of a fixed cost?

   A. Costs of raw materials or merchandise
   B. Equipment rental fee
   C. Administrative wages
   D. Insurance
   E. Don't know

7. The most critical factor contributing to the success of a new venture is:

   A. Effective advertising
   B. Careful planning
   C. Appropriate business location
   D. Effective time management
   E. Don't know

8. Which of the following is not true of a corporation?

   A. Limited liability
   B. Limited regulation and easy to start
   C. Separate legal entity with continuous life
   D. Both B and C
   E. Don't know

9. Advantages of starting a new venture rather than acquiring an existing one include which of the following?

   A. Not limited by someone else's business practices
   B. Immediate access to goodwill and a consumer image
   C. Right to operate under the leadership of a well-known distributor or manufacturer
   D. Both A and B
   E. Don't know

10. Which of the following questions does not relate directly to the areas of purchasing and inventory in small business?

    A. Which products sell heavily during a given season of the year?
    B. What kinds of orders are received from customers?
    C. When will cash be on hand, and from which sources, to cover fixed costs?
    D. Which vendor has the best product at the best price?
    E. Don't know

11. Key types of insurance coverage for a small business with 10 employees include all of the following except:

    A. Business interruption insurance
    B. Liability insurance
    C. Speculative risk insurance
    D. Fire and theft insurance
    E. Don't know

12. Suppose you budgeted $200 for utilities in February and the actual fee came to $240. Which standard business control method would help you take note of expenses and profits that differ from what you projected?

    A. Deviation analysis
    B. Pro forma income statement
    C. Pro forma cash-flow analysis
    D. Balance sheet
    E. Don't know

13. How have the courts regarded an advertisement?

    A. As a firm offer to sell
    B. As a preliminary negotiation
    C. As an intent to contract
    D. As a binding agreement
    E. Don't know

14. You can readily obtain information about the size of your target market from all of the following sources except:

    A. Your local Chamber of Commerce
    B. Trade publications
    C. Federal Census Report
    D. Federal Trade Commission
    E. Don't know

15. Which of the following is not always true in business record keeping?

    A. A double-entry system uses both a journal and a ledger.
    B. A single-entry system has no way to check itself.
    C. In a double-entry system, every entry of a credit must have its counterpart in a debit entry.
    D. Since the single-entry system contains less information, a double-entry system is preferred, whatever the size of the business.
    E. Don't know

16. Which of the following is generally considered as a part of the selling process?

    A. Closing a sale
    B. Determining customer needs
    C. Handling customer objections
    D. All of the above
    E. Don't know

17. Personnel management in small business involves:

    A. Compensation
    B. Employee supervision
    C. Advertising
    D. Both A and B
    E. Don't know

18. Jim Wilson is planning to start a hobby shop. He has carefully projected such information as net profit, sales, profit before taxes, total assets and liabilities, and net worth for the end of the first year. He would like to know how his plans compare with other similar businesses. What information would he use in comparing his plans with similar businesses?

    A. Break-even point data
    B. Cash-flow data
    C. Business ratios data
    D. Deviation data
    E. Don't know

19. Carl buys clams in season for $5 a dozen and sells them for $7 a dozen. His total fixed expenses per week are $36. To break even, how many dozen clams must he sell each week?

    A. 3 dozen
    B. 18 dozen
    C. 24 dozen
    D. None of these
    E. Don't know

20. Which of the following government agencies is not primarily involved in imposing and monitoring business operating regulations?

    A. Small Business Administration
    B. Occupational Safety and Health Administration
    C. Federal Trade Commission
    D. Internal Revenue Service
    E. Don't know

21. Which of the following terms does not directly relate to setting prices?

    A. Multiplier Approach
    B. Current Ratio Approach
    C. Markup
    D. Markon
    E. Don't know

22. Which of the following form(s) a basic part of a successful marketing strategy?

    A. Price
    B. Packaging
    C. Promotion
    D. All of the above
    E. Don't know

23. Types of businesses that tend to have smaller bank deposits and/or smaller profits include:

    A. Retail
    B. Manufacturing
    C. Service
    D. Both A and C
    E. Don't know

SKILL DIAGNOSIS EXERCISE -- SCORING KEY

1.C
2.B
3.C
4.C
5.D
6.A
7.B
8.B
9.A
10.C
11.C
12.A
13.B
14.D
15.D
16.D
17.A
18.C
19.B
20.A
21.B
22.D
23.D

ANSWER SHEET

CLIENT NAME ______________________________________

Note: Darken the square next to the one letter that you feel is the best response for each item.

1. ☐ A ☐ B ☐ C ☐ D ☐ E
2. ☐ A ☐ B ☐ C ☐ D ☐ E
3. ☐ A ☐ B ☐ C ☐ D ☐ E
4. ☐ A ☐ B ☐ C ☐ D ☐ E
5. ☐ A ☐ B ☐ C ☐ D ☐ E
6. ☐ A ☐ B ☐ C ☐ D ☐ E
7. ☐ A ☐ B ☐ C ☐ D ☐ E
8. ☐ A ☐ B ☐ C ☐ D ☐ E
9. ☐ A ☐ B ☐ C ☐ D ☐ E
10. ☐ A ☐ B ☐ C ☐ D ☐ E
11. ☐ A ☐ B ☐ C ☐ D ☐ E
12. ☐ A ☐ B ☐ C ☐ D ☐ E

13. ☐ A ☐ B ☐ C ☐ D ☐ E

14. ☐ A ☐ B ☐ C ☐ D ☐ E

15. ☐ A ☐ B ☐ C ☐ D ☐ E

16. ☐ A ☐ B ☐ C ☐ D ☐ E

17. ☐ A ☐ B ☐ C ☐ D ☐ E

18. ☐ A ☐ B ☐ C ☐ D ☐ E

19. ☐ A ☐ B ☐ C ☐ D ☐ E

20. ☐ A ☐ B ☐ C ☐ D ☐ E

21. ☐ A ☐ B ☐ C ☐ D ☐ E

22. ☐ A ☐ B ☐ C ☐ D ☐ E

23. ☐ A ☐ B ☐ C ☐ D ☐ E

Exhibit #6A

CURRICULUM OUTLINE*

ENTREPRENEURIAL SKILLS

TOPIC/MATERIALS	OBJECTIVES	TIME
THE SMALL BUSINESS ENTREPRENEUR -SBA Publication 2.025 -Textbook: Small Bus. Mgt. pp. 6-8 & 15-16 -PACE Unit 1 -PACE Unit 2	The student will understand what constitutes a small business and how the owner's skills contribute to success; identify the special personality characteristics required for the successful entrepreneur (drive, stamina, confidence, etc.); do a personal assessment of skills, aptitudes and interests and compare profile with entrepreneur characteristics; and realize how owning a small business affects one's income, attitudes, lifestyle and goals.	7 hrs.
TIME MANAGEMENT - Film(s) on Time Management	Students will understand the importance of controlling time, stress and overwork; utilize strategies to manage time; identify personal stress levels and ways to cope with stress; and be aware of signs of overwork and ways to reduce workload.	5.5 hrs.
OBTAINING TECHNICAL ASSISTANCE - Panel of Professionals - PACE Unit 4 - SBA Publications	Identify important services that can be hired (accounting, legal, insurance, etc.) to help small businesses; understand the importance of professional assistance and determine how to find capable and compatible professional assistance; and identify business and trade organizations and government agencies that assist small businesses.	3 hrs.
BUSINESS COMMUNICATION - Film: "What Do You Mean? What Do I Mean?" - Film: "Pack Your Own Chute" - SBA Publication SBB 92	Students will recognize and overcome common communication difficulties; learn how to use effective communication skills with buyers, consumers, peers, etc.; and learn to tune in on verbal and non-verbal communication. Students will role play confrontation and problem solving.	6 hrs.
BUSINESS WRITING	Students will understand the effective use of written communication in business. Students will write an effective business letter and make sample application for licenses, etc.	4.5 hrs.

* Reference: Adapted from a curriculum outline which was prepared by Daytona Beach Community College, Daytona Beach, Florida, for the "Readying Individuals for Successful Entrepreneurship" program.

LEADERSHIP STYLES - Leadership style questionnaire	Students will recognize characteristics of effective leaders and the different leadership styles; identify personal leadership style, e.g., autocratic, democratic or laissez faire; and discuss how leadership style affects motivation and productivity.	4.5 hrs.
PROBLEM SOLVING - Case Studies-Text, Chapt. 25	Students will anticipate potential business problems; identify and solve problems; and learn the six crises of a small business and the danger signals in a small business.	1.5 hrs.
DECISION MAKING - Decision-Making Exercises	Students will identify diverse decision-making methods; learn how decisions can cause success or failure when running a small business; and learn the essential steps in the decision-making process and how to delegate work and responsibility.	3 hrs.
THE BUSINESS PLAN - PACE Unit 5 - PACE Unit 3	Students will develop the ownership capability section of the business plan and identify ways of acquiring expertise needed as the owner of a small business. (The elements of the entrepreneurial/managerial section of the business plan will cover capabilities of owner, type of business planned, licenses, personnel plan, management style of owner, uses of professional and governmental assistance, etc.)	5 hrs.
BUSINESS BUDGETING - Text: Chapt. 3, 4 & 25 - Case Studies - SBA Publication 1.015	Students will understand how to monitor and control a business in order to make profitable decisions; learn to identify the relationship among costs, pricing, sales volume, inventory, etc., as they relate to controlling the business; and develop a basic budget plan for the business.	3 hrs.
BUSINESS ETHICS - SBA Publication	Students will gain an understanding of the responsibilities of being in business.	3 hrs.

MARKETING MANAGEMENT

TOPIC/MATERIALS	OBJECTIVES	TIME
MARKETING PLAN	Students will understand the ten marketing plan factors (People, Product, Place, Pipeline, Pricing, Promotion, Projection, Point for Break-even, Profit and Plan); the importance of marketing for a small business; and the basic marketing decisions.	10 hrs.
MARKET RESEARCH - SBA Publications 4.001 + 4.019	Students will be able to locate and use sources of data for simple market research (e.g., census data, Polk Directory, trade association information, etc.); and students will perform a small market research project.	10 hrs.
PRICING POLICIES - SBA Publication 4.013	Students will understand the factors affecting prices; learn how to compute Mark-up (and understand the difference between Mark-up & Profit Margin); and understand how pricing affects the break-even point.	10 hrs.
MERCHANDISING, DISTRIBUTION & SALES - SBA Publications 4.005 + 4.007 - PACE Unit 14	Students will understand the implications that different types of goods have on merchandising, distribution and selling; and will classify their product(s) and determine implications for merchandising, distribution, and sales.	6 hrs.
SALES MANAGEMENT - SBA Publication 4.003	Students will be able to organize and manage a sales force and analyze territory and sales potential.	4 hrs.
PURCHASING, INVENTORY & CONTROL	Students will identify potential suppliers; learn to compare contract terms; manage incoming inventory; become familiar with how to determine quantity of discounts; and identify and develop an inventory control process that will reveal inventory problems (out of stock, overstock, etc.).	10 hrs.
ADVERTISING MANAGEMENT -SBA Publications 4.015 + 4.018	Students will understand the pros and cons of various ad media and promotion (cost, audience, etc.); identify key elements of an effective ad; develop an advertising budget; identify good and bad ads; and practice preparing ads.	10 hrs.
SPECIAL MARKETING CONSIDERATIONS	Students will be introduced to export selling to governmental and other special markets.	2 hrs.
MARKETING MANAGEMENT SECTION OF BUSINESS PLAN	Students will develop and present the Marketing section of the business plan.	10 hrs.

BUSINESS MANAGEMENT

TOPIC/MATERIALS	OBJECTIVES	TIME
BUSINESS ORGANIZATION -PACE Unit 5 -SBA Publications 6.003 + 6.004	Students will understand proprietorships, partnerships and corporate forms of organization; be able to choose the appropriate form of organization for their business; and file the necessary papers.	4 hrs.
TAXATION AND REGULATION -PACE Unit 9 -PACE Unit 10 -SBA Publications 1.013 + 1.014	Students will learn the legal and regulatory requirements for their type of business; understand their local, state and federal tax liabilities, bankruptcy and how taxes and regulations affect financial planning; and learn to prepare employer forms (ID #, Sales Tax #, etc.).	8 hrs.
BUSINESS SURVIVAL	Students will learn to recognize danger signals in their business and ways to handle these problems.	4 hrs.
LOCATION AND LAYOUT - PACE Unit 7 - SBA Publication 2.002	Students will be able to utilize site selection criteria to evaluate the proposed place of business and analyze the site of their business internship; learn guidelines for effective store layout and develop a sample layout plan for their business; and understand the important differences in retail vs. service businesses and how these differences affect marketing decisions.	8 hrs.
BUSINESS ACQUISITION - SBA Book on Acquisitions - Text Chapt. 21	Students will understand the various entry modes (acquisition, franchise, etc.); identify the pros and cons in each entry mode; and evaluate the purchase of a business.	4.5 hrs.

FINANCIAL MANAGEMENT

TOPIC/MATERIALS	OBJECTIVES	TIME
BOOKKEEPING AND ACCOUNTING -PACE Unit 15 -SBA Publication 1.017	Students will be able to make basic decisions regarding setting up books, choosing a cash or accrual accounting method and choosing a tax year; and become familiar with essential ledgers and journals and how to choose an accounting service or system (i.e. Pegboard, Accounting Firm, Computer, etc.).	22 hrs.
RAISING CAPITAL AND SOURCES OF CAPITAL -PACE Unit 8	Students will identify the sources of available capital and determine the best way of acquiring the funds for start-up and growth.	6 hrs.
BUDGETING -PACE Unit 16	Students will be able to estimate start-up costs for a given business and prepare a sample budget for the first year of operation.	10 hrs.
CASH FLOW MANAGEMENT	Students will understand cash flow and practice making cash flow projections.	10 hrs.
FINANCIAL STATEMENTS	Students will be able to identify the key elements of balance sheets and income statements and understand how they are developed.	10 hrs.
ANALYSIS OF FINANCIAL STATEMENTS	Students will be introduced to basic ratio analysis so as to understand the managerial uses of such data; and will perform a break-even analysis.	10 hrs.
COST ANALYSIS	Students will learn how to calculate labor and material costs; develop a standard cost system; devise methods to control costs; and understand inventory valuation and depreciation methods.	6 hrs.
CREDIT AND COLLECTIONS MANAGEMENT -PACE Unit 17 -SBA Publication SBB 31	Students will be able to develop sound credit policies and screening criteria; understand receivables and payables aging; and become familiar with collections procedures and alternatives.	6 hrs.

FINANCING ALTERNATIVES	Students will be introduced to using assets, inventory, accounts receivable, credit from suppliers, etc., as sources of financing and various types of short term and long term credit.	4 hrs.
LOAN PACKAGING	Students will know the elements of a loan package and ways to approach banks for a loan; and will develop a sample loan package for their business.	10 hrs.
FINANCIAL MANAGEMENT SECTION OF BUSINESS PLAN	Students will develop and present the Financial Management section of their business plan.	10 hrs.

Exhibit #6B

CURRICULUM OUTLINE*

SESSION 1: ENTREPRENEURSHIP EDUCATION

Purpose: The purpose of this session is to introduce the participants to the entire 12 week program and to help them begin to evaluate the desirability of becoming an entrepreneur. Upon completion of this session participants will:

- Understand the nature of small business.
- Recognize the important role that small businesses play in our economy.
- Be able to evaluate personal characteristics of successful entrepreneurs.
- Identify the major factors contributing to the success of a small business.
- Develop criteria for selecting an area of entrepreneurial endeavor.

Handouts:

Why Entrepreneurship
Entrepreneurship Options
Occupational Employment Projects
Personal Profile Survey
Common Characteristics of Entrepreneurs
Taking Control: Developing the Characteristics of an Entrepreneur
The Displaced, Uncomfortable Entrepreneur
Entrepreneurship Survey Guide
Recommended Reading

Transparencies:

Class Objectives
Reasons for Business Failures
Personality Factors

In Class Assignments: The Entrepreneurial Survey will be used to help program participants compare their personal characteristics to known characteristics of entrepreneurs.

Take Home Assignments: Participants will develop a comprehensive biography which will include work history, education, and other significant experiences. This will be used in conjunction with the results of the Entrepreneurial Survey. Participants will form a fictitious company in the industry of their choice.

SESSION 2: ASSESSMENT OF PERSONAL QUALITIES AND SKILLS

Purpose: The purpose of this session is to help participants recognize the variety of skills needed by the entrepreneur to successfully operate a small business enterprise. Upon completion of this session the participants will:

- Recognize the personal qualities and skills needed to successfully start and operate a small business enterprise.
- Be able to identify the business skills they possess.
- Be able to identify areas of strengths and weaknesses.
- Be able to relate past experiences and acquired skills to a future business enterprise.
- Begin to develop strategies to relate strong personal factors to a business idea.

* Reference: Adapted from materials developed by Chicago City-Wide College, Chicago, Illinois.

Handouts:
Business Skills Inventory
Business Skills Guide

Transparencies:
Business Skill Categories
Managing Money
Managing Personnel
Business Operations
Sales Operations
Setting Up A Business
Marketing

In Class Assignments: Business Skills Inventories will be completed during this session; biographies will be utilized to help participants evaluate their personal skills.

Take Home Assignments: Prepare a resume outlining the most significant factors of academic and business experience. Prepare a report identifying the management structure of your company, individual responsibilities, clerical and production personnel required, duties, qualifications and salary. Relate profile of employees to management entrepreneurial characteristics.

Entrepreneur Panel: Two entrepreneurs in the manufacturing industries will describe their experiences as successful entrepreneurs.

SESSION 3: BUSINESS PLANNING: AN OVERVIEW

Purpose: The purpose of this session is to help participants understand the dynamics of organizational and financial planning as they relate to business operations. Upon completion of these sessions participants will:

- Understand the advantages and disadvantages of various types of business ownerships.
- Understand the advantages and disadvantages of equity and debt financing.
- Understand the importance and function of accounting and record keeping systems needed to control operations.
- Understand the function and components of a business plan.
- Develop a preliminary business plan outlining their individual business concept.

Handouts:
Types of Ownership
Equity and Debt Financing
Sample Recordkeeping Forms
Sample Financial Plan
Case Study: Ever Ready Repair Service
Blank Financial Forms for Ever Ready Repair Service
Questions to be Answered in a Business Plan
Business Plan Checklist
Sample Business Plan
Recommended Reading List

Transparencies:
Licenses and Permits
Basic Financial Planning Forms
Components of a Business Plan
Business Planning Process

In Class Assignments: Participants will fill out a questionnaire to use in developing a business plan.

Take Home Assignments: Participants will develop a preliminary outline for their business plans. Participants are asked to contact a bank to find out how to establish a commercial banking relationship and what requirements must be met to be considered for financing.

Entrepreneur Panel: A financial consultant will review the specific components of a business plan. A CPA will discuss the importance of record keeping.

SESSION 4: DEVELOPMENT OF BUSINESS CONCEPTS

Purpose: The purpose of this session is to familiarize program participants with economic concepts that must be examined when assessing the feasibility of a business venture. This information will be used to help participants define, refine, and evaluate their individual business concepts. Upon completion of this session participants will:

- Understand the following:
    - Money as a medium of exchange
    - Entrepreneurs as a catalyst within the exchange process
    - The dynamics of the entrepreneur -- risk and return on investment
    - The primacy of the consumer in our economic system
    - The law of supply and demand
- Know how to use and conduct a preliminary market survey.
- Know how to relate business ideas to potential market opportunities.
- Be able to identify business opportunities and relate them to a business venture based on personal characteristics.

Handouts:
Interdependence Model
Law of Supply and Demand
The Who, What, When, Where, and Why of the Product Market

Transparencies:
Circular Flow of Goods and Services
Circular Flow of Money

In Class Assignments: Participants will develop a preliminary business venture concept relating personal characteristics to market conditions.

Take Home Assignments: Using a handout as a guide, participants will conduct a survey to collect data related to their business venture. Participants will prepare a report identifying their product and market, how their product fits in the market, how their company fits in the industry and how the industry fits in the overall economy.

Entrepreneur Panel: Two entrepreneurs will discuss their experiences in identifying the factors for choosing a specific industry and how this decision contributed to the success of their businesses.

SESSION 5: EVALUATION OF BUSINESS IDEAS
FEASIBILITY STUDIES

Purpose: The purpose of this session is to evaluate the feasibility and desirability of a business venture as it relates to preliminary market surveys and personal skills, background, lifestyle, and personality traits. Upon completion of this session participants will:

- Determine whether their business concept needs further investigation, development or refinement.
- Determine whether they should become entrepreneurs rather than being employees.
- Decide whether they should postpone their plans to own a business.

Handouts:
Personal Profile Survey
Entrepreneurship Survey Guide
Business Skills Inventory
Business Skills Guide

Other:
Sample Preliminary Market Survey

Take Home Assignments: Describe the business that you plan to enter. Describe the skills and areas of expertise critical to the success of your project. Describe your product or service. Relate to your personal skill and expertise, needs of the market and competitors.

Entrepreneur Panel: Two entrepreneurs will discuss the methodology that they used to determine if their business idea represented a real business opportunity.

SESSION 6: LEGAL ISSUES IMPORTANT TO SMALL BUSINESS

Purpose: The purpose of this session is to familiarize participants with the different forms of business ownership, including the characteristics, advantages and disadvantages of each type of business organization. Upon completion of this session participants will:
- Identify the type of ownership for their company.
- Know the basic steps necessary to establish each type of business.
- Know the tax implication of each form of business organization.
- Know the relationship between business and government.

Handouts:
Advantages and Disadvantages of Proprietorships, Partnerships and Corporations

Entrepreneur Panel: Entrepreneurs representing a sole proprietorship, a partnership, a corporation, an S corporation and a franchise will discuss the factors influencing their decision to choose the legal form of their business organization. An attorney will be the moderator.

SESSION 7: EXAMINATION OF MARKET FACTORS

Purpose: The purpose of this session is to help participants understand the concept of marketing strategies including product and price considerations, identification of market niche, methods of distribution, advertising and promotion. Upon completion of this session participants will:
- Understand the need to analyze products and services as a prelude to developing a business plan.
- Understand the factors used to analyze competitive markets such as:

Product or Service
Price
Place
Promotion
Distribution
Market Segmentation

- Be able to conduct an individual analysis of competitive market factors as they relate to the individual business venture.

Handouts:
Identifying the Market
Identifying the Competition
Analyzing the Competitive Market
Market Outline
Developing Market Strategies

Take Home Assignments: Participants will conduct a market analysis using a handout as a framework for collecting data.

Entrepreneur Panel: Two entrepreneurs in the service industry will discuss the findings of their market analysis as well as address any questions and issues that participants may have regarding market factors.

SESSION 8: FINANCIAL REQUIREMENTS AND FINANCIAL MANAGEMENT

Purpose: The purpose of this session is to help program participants determine the financial requirements that are needed to start and operate their businesses. This session will examine personal capital contribution versus other types of financing, venture capital, bank financing and government financing programs. Upon completion of this session participants will:

- Prepare a Personal Financial Statement
- Develop a Personal Budget
- Assess their personal borrowing potential
- Identify various sources for obtaining business financing
- Develop strategies to acquire financing
- Prepare a projection of business expenses
- Understand financial issues related to maintaining a business
- Determine the amount of funds required to finance a new business

Handouts:
Sample Personal Financial Statement
Sample Monthly Budget
Expense Worksheet
Sample Balance Sheet and Profit and Loss Statement
List of different types of costs that must be considered to start a new business
Sample Cash Flow

Transparencies:
Venture Capital: Organizational Types

Take Home Assignments: Participants will be asked to do the following:

- Complete a Personal Financial Statement
- Prepare a Personal Budget
- Prepare a Statement of Business Financial Need

- Describe how loan proceeds will be utilized
- Prepare a two year earnings projection for their business
- Prepare a list of all costs related to starting a business
- Develop a list of 10 potential sources of capital

Entrepreneur Panel:

Two representatives of the banking industry will discuss the type of financing available and what bankers look for in a loan proposal. Two entrepreneurs will discuss conventional versus unconventional sources of funds and describe their experiences in financing their businesses.

SESSION 9: HUMAN RESOURCE SELECTION AND MANAGEMENT

Purpose: The purpose of this session is to enable program participants to make decisions regarding the management structure and employee selection for their proposed business enterprises. Upon completion of this session participants will:

- Assess manpower needs
- Identify important factors for employee selection
- Evaluate employee compensation methods

Handouts:
Figuring Out Manpower Requirements
The Establishment of an Organizational Hierarchy
Day to Day Operations

Transparencies:
Developing an Organizational Chart
A Look at Day to Day Operations

Take Home Assignments: Participants will be asked to develop manpower criteria for their enterprises and to develop an organizational chart illustrating operating procedures. Participants will also develop a flow chart illustrating their position relative to others in the company.

Entrepreneur Panel: Two entrepreneurs will discuss the methodology used to find good employees, the type of incentive programs they have implemented to retain the employees and other related personnel administration issues.

SESSION 10: FACILITY PLANNING: FINDING THE BEST LOCATION

Purpose: The purpose of this session is to enable program participants to better select the facility that they will use to operate the business. Upon completion of this session participants will be able to address planning decisions regarding:

- Site selection
- Space requirements
- Facility structure and layout

Handouts:
Selecting the Proper Location for your Business
Things to Consider
Location Worksheet
Ascertaining Space Requirements
Space Requirement Worksheet
Facility Structure and Layout -- Things to Consider
Structure and Layout Worksheet

Transparencies:
- Location Decisions
- Space Requirements
- Structure and Layout Decisions

In Class Assignments: Participants will complete several handouts to be used to develop criteria for facility planning.

Take Home Assignments: Participants will be asked to refine the worksheets that they have begun in class. Following this they will research and identify a total of three existing locations which fit the preliminary profiles initially developed.

Entrepreneur Panel: Two entrepreneurs will discuss their experiences in selecting sites for their businesses.

SESSION 11: BUSINESS PLAN PRESENTATIONS

Purpose: The purpose of this session is to allow participants to present their business plans to the group of potential investors. Upon completion of this session the participants will:

- Be qualified to present a completed business plan to bankers or other potential investors.
- Use the business plan as a mechanism to measure the operation of the business.
- Identify the important factors that bankers and potential investors consider prior to a financing decision.

Handouts:
- Are You Ready to Become an Entrepreneur
- Where Do I Go From Here
- Course Evaluation

Transparencies:
- Key Ingredients
- Pathways to Your Future

Other:
- Program Participant Business Plan

Entrepreneur Panel: A panel consisting of two entrepreneurs and two representatives of the banking industry will criticize individual presentations of business plans.

SESSION 12: PROGRAM EVALUATION

Purpose: Participants will present the business plans for their companies to the selection committee.

EXHIBIT #6C

CURRICULUM OUTLINE*

Chapter references refer to "How to Set up Your Own Small Business". Fallek, Max. Minneapolis, Minnesota: American Institute of Small Business, 1985.

I. Do you have what it takes?
   - A. Skill Assessment: Self-inventory
   - B. Values clarification
   - C. Decision making
   - D. Setting personal and business goals
   - E. Characteristics of the entrepreneur
   - F. Health: physical and mental

II. Selecting the appropriate business idea
   - A. Matching with entrepreneur's profile
   - B. Probability of success in marketplace
   - C. Surveying the possibilities
   - D. Types of business start-ups

III. Business Planning (Chapter 18)
   - A. Nature and purpose
   - B. Format
   - C. Pre-planning considerations
   - D. Model plans for small service, retail, and manufacturing firms
   - E. Checklist for starting a business
   - F. Asking the right questions

IV. Market Research (Chapter 2)
   - A. Nature and purpose of researching the market
   - B. Testing the market before going into business
   - C. Ways of conducting research
   - D. Preparation of research tools
   - E. Interpretation of results
   - F. Sources of information on the market

V. Site Selection (Chapter 4)
   - A. Importance of location
   - B. Sources of information
   - C. Key factors
   - D. Census data
   - E. Traffic flow
   - F. City ordinances

VI. Forecasting (Chapter 3)
   - A. Using market research for projections
   - B. Seven key factors:
     1. Sales performance of competitors
     2. Level and trend of consumer spending
     3. General trends of industry or product field
     4. Economic conditions

* Reference: Adapted from materials developed by Black Hawk College, Moline, Illinois.

        5. Market tests
        6. Key variables
        7. Prior sales and performance patterns of business
    C. Monthly sales forecast for first twelve months
    D. Quarterly sales forecast for second and third year

VII. Budgeting expenses: variable and fixed
    A. Variable expenses: cost of sales
        1. Inventory
        2. Labor
    B. Fixed expenses
        1. Rent
        2. Phone
        3. Salary

VIII. Projecting cash flow
    A. Income statement -- profit and loss
    B. Monthly projections vs. performance as warning signal
    C. Necessity of budgeting
        1. Definite business objectives
        2. Safety signal
        3. Ownership of responsibility
        4. Prevention of waste

IX. Setting up your business (Chapter 7)
    A. Location of business: home or storefront?
        1. Reaching the customer
        2. Beating out the competition
        3. Researching traffic, population, accessibility, and image of the site
        4. Legal considerations and insurance coverage
    B. Naming the business for maximum impact
    C. Office equipment and decor price
    D. Leasing vs. buying
    E. Signage and window display
    F. Handling cash inventories
    G. Parking and landscaping
    H. Handicap accessibility
    I. Hours of operation
    J. Filing system
    K. Anticipating problems: fail safe systems
        1. Minor injuries
        2. Understaffing
        3. Retail theft
        4. Vehicle breakdown
        5. Leaking merchandise
        6. Defective merchandise
        7. Other considerations

X. Business Policies (Chapter 13)
    A. Setting business policies and applying them
    B. Establishing credit and extending credit to customers
    C. Collecting past-due accounts and writing collection letters
    D. Protecting the business from fire, theft, pilferage, and other threats
    E. Providing for quality control and maintaining it
    F. Managing inventory

G. Keeping abreast of the industry through trade and/or professional organizations and publications

XI. Law (Chapter 6)
  A. Choosing the right lawyer
  B. Choosing the right form of business: sole proprietorship, partnership, or corporation
  C. Naming the business legally
  D. Protecting your business
  E. Responsibilities as an employer
  F. Taking over an existing business
  G. Dealing with corporate landlords
  H. Entering into contracts and binding agreements
  I. Licenses and permits

XII. Insurance (Chapter 15)
  A. Managing risks
  B. Basic principles common to many types of insurance
  C. Choosing the right agent and company
  D. Basic types of small business insurance
    1. property and liability
    2. employee plans and workers' compensation
    3. special life and health insurance concerns
    4. special concerns for sole proprietor or cottage businesses
  E. Reducing chances of loss
  F. Necessity for continuous re-evaluation and upgrading of insurance coverage

XIII. Sources of Supply (Chapter 10)
  A. The right supplies from the right suppliers
  B. Sources of supply
  C. How to shop for quality and price
  D. How to negotiate
  E. Where and when to buy
  F. How to track inventories
  G. How to price merchandise
  H. Essential considerations in stocking a retail operation

XIV. Bookkeeping (Chapter 11)
  A. Nature and importance or basic accounting terms and procedures
  B. Preparing a preliminary federal income tax return

XV. Accounting (Chapter 12)
  A. Applying concepts of depreciation to business equipment
  B. Preparing a preliminary federal income tax return
  C. Grasping the fundamental responsibilities of the business person who hires others to perform services

XVI. Financing (Chapter 5)
  A. Getting serious about making money
  B. Spending money wisely
  C. Identifying potential investors
  D. Preparation of a winning loan proposal
    1. Estimating start-up costs
    2. Cash flow projections for first three years
    3. Developing the overall business plan
    4. Answering the investor's potential questions
    5. Practicing for a confident oral presentation

- E. Sources of capital
  - 1. Family, relatives and friends
  - 2. Commercial banks
  - 3. Savings and loans
  - 4. Credit unions
  - 5. Loan companies
  - 6. Small business investment companies
  - 7. Community development companies
  - 8. Insurance companies
  - 9. Business brokers and investors
  - 10. Small Business Administration
  - 11. Farmers Home Administration
- F. Loan proposal formats and models

XVII. Advertising (Chapter 8)
- A. Organization of a complete promotion program
- B. Nature and purpose of advertising
- C. Planning the advertising budget
- D. Developing a media plan and schedule
- E. Creating your own advertising
- F. Measuring results
- G. Working with an agency
- H. In-store advertisement considerations

XVIII. Public Relations (Chapter 9)
- A. Making a lot of noise on a shoe string
- B. Public relations tools
  - 1. Special events
  - 2. Year-end bonuses to employees
  - 3. Generous return policy
  - 4. Community participation
  - 5. Integrity in business transactions
  - 6. Public appearances and speeches
  - 7. Charitable contributions
- C. Difference between public relations and advertising
- D. Elements of public relations plan
  - 1. Audiences
  - 2. Objectives
  - 3. Media
  - 4. Programs
  - 5. Projects
  - 6. Messages
  - 7. Time and action schedules

XIX. Salesmanship (Chapter 14)
- A. Nature of salesmanship
- B. Requirements for success
- C. Reading the buyer and adapting to his/her motives and personality
- D. Steps of successful prospecting
- E. Preparing an effective sales presentation
- F. Getting off to a good start
- G. Assessing the prospect's needs, wants, problems, and goals
- H. Presenting the product or service to meet buyers' requirements
- I. Working out barriers that prevent the sale
- J. Closing the sale

XX. Personnel Management (Chapter 17)
  - A. Recruitment, assessment, and selection of new employees
  - B. Training and discipline
  - C. Motivation and incentive programs
  - D. Principles of good management
  - E. Process of discharging an employee

XXI. Ongoing support activities
  - A. Business plan review
  - B. Troubleshooting and weekly peer group meeting support
  - C. Securing a loan
  - D. Consultation
  - E. Site visits and counseling
  - F. Continuous updating and revision of business planning process

Exhibit #7

CURRICULUM MATERIALS

References in this exhibit were adapted in part from Resource Notebook for Minority Business Development Center Representatives, Oklahoma City University, School of Occupational and Adult Education, 1983.

Program for Acquiring Competence in Entrepreneurship (PACE), Revised. Ashmore, M. Catherine; Pritz, Sandra G.; et al. Columbus, Ohio: The National Center for Research in Vocational Education, The Ohio State University, July, 1983.

> These materials are available in three skill levels with 13 similar teaching units in each. Level One helps the entrepreneur to understand the basics of business creation and operation. Level Two prepares the entrepreneur to plan the business. Level Three guides the entrepreneur through starting and managing the business. Each level is composed of a series of self-paced workbooks covering specific aspects of training, a resource guide, and an instructor's guide. The resource guide consists of an introduction, objectives, an annotated glossary of business terms, sources of additional information, the Small Business Administration's Annual Report on Small Business and Competition: Executive Summary, and the Standard Industrial Classification Index. Each instructor's guide includes an introduction to PACE, objectives, a "Going Into Business" project, teaching outlines, transparency originals, handouts, model assessment responses, and a list of selected resources. Because any program will be composed of participants in various stages of preparedness for entrepreneurship, it might be well to have all three levels available for their use. Approximate cost: $120.00 for the set, $45.00 for each level.

The National Center for Research in Vocational Education
The Ohio State University
1960 Kenny Road
Columbus, Ohio 43210-1090
(800) 848-4815

The Entrepreneur Kit. Grand Forks, North Dakota: Center for Innovation and Business Development, University of North Dakota, 1986.

> This two volume set is a "do it yourself" kit targeted to those planning a new business venture which will offer a product, rather than a service. This kit may be particularly helpful to larger scale start-ups. Included is comprehensive information on writing a business plan; doing market research; naming your business; securing a patent, trademark or copyright; obtaining technical assistance; structuring partnership agreements; and ensuring non-disclosure and non-competition protection. Approximate cost: $60 per kit.

Center for Innovation and Business Development
Box 8103, University Station
Grand Forks, North Dakota 58202
(701) 777-3132

A Handbook on Utilization of Entrepreneurship Material for Vocational Education. Colby, Pamela, and Rassen, Rachel. Developed at the American Institutes for Research under support from the Office of Vocational and Adult Education, U.S. Department of Education, Contract No. 300-79-0535. Madison, Wisconsin: The Vocational Studies Center, University of Wisconsin-Madison, 1981.

The purpose of this handbook is to provide direction in the use of the 36 entrepreneurship instructional modules developed as part of a research project entitled "Development of Entrepreneurship Training Components for Vocational Education". The handbook is intended to assist individuals who are conducting in-service training as well as those who are incorporating entrepreneurship materials into existing vocational education programs. The authors of the handbook describe the advantages of using the modules for administrators, instructors, and students. Implementation, instructional, and evaluation strategies for the modules are also provided. Approximate cost: $3.00.

Vocational Studies Center
University of Wisconsin-Madison
964 Educational Sciences Building
1025 West Johnson Street
Madison, Wisconsin 53706

Entrepreneurship in Voc Ed: A Guide for Program Planning. Davis, Edward L., and Zelinko, Margaret A. Columbus, Ohio: The National Center for Research in Vocational Education, The Ohio State University, 1982.

This monograph is intended to assist vocational education program planners and curriculum developers in selecting materials appropriate for secondary, post-secondary, and adult entrepreneurship programs. The guide provides a series of steps to follow in developing entrepreneurship training programs and a process for examining existing curriculum resources. Eight curriculum resources are analyzed: Achieving Success in Small Business: A Competency-Based Educational Program for Persons Interested in Small Business Ownership, Entrepreneurship Education, Entrepreneurship Training Component, The Interstate Distributive Education Curricula Consortium (IDECC) Learning Activity Packages, Program for Acquiring Competence in Entrepreneurship (PACE), Preparing for Entrepreneurship, Small Business Management and Ownership, and Small Business Ownership, Management, Entrepreneurship.

The National Center for Research in Vocational Education
The Ohio State University
1960 Kenny Road
Columbus, Ohio 43210-1090
(800) 848-4815

Small Business: An Entrepreneur's Plan. Eckert, Lee A. et al. San Diego, California: Harcourt Brace Jovanovich, 1985.

The purpose of this booklet is to make students "street smart" about creating, managing, and gaining profit from a business of their own. The positive attitude of this business plan development guide sets it apart. Topics include: charting trends, marketing, profiling target customers, competition, promotion, location, ratios, financing, team-building, incorporation, franchising and computers. A study guide and instructor's manual are also included.

How to Set up Your Own Small Business. Fallek, Max. Minneapolis, Minnesota: American Institute of Small Business, 1985.

This two volume resource manual is designed for those who want to start a full-time or part-time business, as well as for those who are already in or thinking of returning to business. Some of the 20 topics covered in the text include market research, forecasting sales, financing, advertising, accounting, selling, personnel management, pitfalls to avoid, and how to write a business plan. Quizzes and worksheets reinforce the text presentations and simulate hands-on experience. Approximate cost: $195 per set. However, educators can purchase the books for the student textbook price of approximately $50 per set, plus freight when purchasing 25 or more manuals.

American Institute of Small Business
7515 Wayzata Boulevard, Suite 201
Minneapolis, Minnesota 55426
(800) 328-2906 (Outside Minnesota)
(612) 545-7001

The American Entrepreneurship Series: Three Films about Building Better Businesses. Laurie Kreindler, Producer.

This three part film series, which received major funding from the National Federation of Independent Business Research and Education Foundation, shows how three entrepreneurs have started and maintained successful businesses. A teacher's guide for each segment accompanies each film rented or purchased. Approximate cost: $120.00 for 16 mm film series rental, $595 for purchase of videocassette series.

Direct Cinema Limited
P.O. Box 69589
Los Angeles, California 90069
(213) 656-4700

Getting Down to Business: What's It all About. (Module One). McFarlane, Carolyn. Madison, Wisconsin: The Vocational Studies Center, University of Wisconsin-Madison, 1981.

This is Module One, an introductory or "core" module to an additional 35 instructional modules developed as part of a research project entitled "Development of Entrepreneurship Training Components for Vocational Education." Module One provides a generic introduction to entrepreneurship. Examples of businesses related to seven major vocational education subject areas are provided. Also included is a general discussion of management principles appropriate for all small businesses. Module One includes both student and teacher guides. It is divided into 15 units, each with identified goals and objectives. The case study approach to skill development is used. Supporting text to the case studies, individual and group activities, and discussion questions are also included. There is an overall summary and a written quiz for the module. Approximate cost: Student guide $10.00, teacher guide $3.00.

The Vocational Studies Center
University of Wisconsin-Madison
964 Educational Sciences Building
1025 West Johnson Street
Madison, Wisconsin 53706

Owning and Operating a Small Business. Nelson, Robert E.; Leach, James A.; and Scanlan, Thomas J. Urbana-Champaign, Illinois: University of Illinois, Department of Vocational-Technical Education, Division of Business Education, June, 1976. (Document #129)

This curriculum guide contains 14 units designed to aid the teacher in providing instruction in small business ownership and management for students at the secondary, adult, continuing education, or community college levels. Each unit consists of an introduction; objectives; content; and suggested activities, including projects, group dynamics, simulations, role playing, case studies, and assignments. Most units contain at least one case study depicting a real-life business situation. Units include: the nature of small business, determining product and market, selecting the location, obtaining initial capital, choosing the legal form of organization, managerial planning, recordkeeping, financial management, credit and collections, advertising and sales promotion, employee and community relations, obtaining information and assistance, insurance, and the future of small business. Approximate cost: $4.75.

Curriculum Publications Clearinghouse
Western Illinois University
Horrabin Hall 46
Macomb, Illinois 61455
(800) 322-3905 in Illinois
(309) 298-1917 outside Illinois

Entrepreneurship Education for Adults -- Program Development and Implementation. Persons, Edgar A., and Swanson, Gordon I. St. Paul, Minnesota: University of Minnesota, Division of Agricultural Education, Department of Vocational Education, 1979.

The purpose of this eight volume, three year adult management education program is to help families improve the effectiveness of their business operation and enable them to reach family and business goals. The instructor's manual is intended to serve as a guide for establishing a small business management adult education program in a community and includes: philosophy and description of the program, responsibilities of the instructor, using advisory committees, implementing the program, securing enrollment, organizing the program, evaluating the program, and an annotated bibliography. The other seven volumes include: a practice problem in year-end business analysis; a curriculum guide designed for a three-year program; handouts, case problems, worksheets, transparencies, schedules, and seminar information keyed to specific units of instruction; suggestions on how tables and significant figures formed in a small business report can be used by students to improve the management of small businesses; and step-by-step procedures for starting a small business management education program.

A final report describes the background of the project, site selection, staff development, selection and use of advisory committees, curriculum development procedures, evaluation, dissemination activities, a brief description of each major activity that was accomplished, and a list of the products that were developed.

Minnesota Curriculum Service Center
3554 Bear Avenue
White Bear Lake, Minnesota 55110

Preparing for Entrepreneurship. Rowe, Kenneth L., and Hutt, Roger W. Tempe, Arizona: Arizona State University, College of Business Administration, 1979.

This 13 unit instructional guide is appropriate for an entrepreneurship program aimed at the secondary, post-secondary, or adult educational levels. The following items are provided for each unit: objectives, handouts containing necessary content and background information, questions for discussion, transparency masters, and student activities. The 13 units include an introduction to entrepreneurship and self-employment; selection of effective legal form of business organization; selection of effective specialized assistance; financing the small business; selecting a location; building, equipment, and layout; operating permits, licenses, and tax regulations; personnel management for the entrepreneur; building a flexible advertising plan; determining pricing and credit policies; inventory and supplies; understanding a basic accounting system; and selection of effective protective steps.

Sponsoring Agency: Arizona State Department of Education
Division of Vocational Education
Phoenix, Arizona

Entrepreneurship Education. *Vol. I: Learning the Skills*, *Vol. II: Applying the Skills*, *Vol. III: Supplementary Readings*. Scanlan, Thomas J., et al. Urbana-Champaign, Illinois: University of Illinois, Department of Adult, Vocational and Technical Education, June 1980.

The materials in this three volume set may be used in a variety of settings at the late secondary and adult levels: career exploration, cooperative, career change, business, and correctional. The first volume stresses the personal skills which people need to be effective entrepreneurs -- skills such as decision making, innovation, planning and goal setting, and risk taking. The second volume addresses the application of the skills to self-employment. The third volume includes readings and suggested additional resources which complement the instructional strategies contained in the first two volumes.

Approximate cost:

The set of three volumes	(document #166)	$25.00
Volume I only	(document #166a)	12.50
Volume II only	(document #166b)	7.25
Volume III only	(document #166c)	8.00

Curriculum Publications Clearinghouse
Western Illinois University
Horrabin Hall 46
Macomb, Illinois 61455
(800) 322-3905 in Illinois
(309) 298-1917 outside Illinois

Minding Your Own Small Business: An Introductory Curriculum for Small Business Management. Holt, Nancy, et al. Belmont, Massachusetts: CRC Education and Human Development, Inc., 1979.

This curriculum guide is intended for secondary and post-secondary students interested in beginning a small business venture. Teacher and student materials and a glossary of financial terms are also included.

Superintendent of Documents
U.S. Government Printing Office
Washington, D.C. 20402
(Stock # 017-080-02000-9)

Something Ventured, Something Gained: An Advanced Curriculum for Small Business Management, Volume II. Shuchat, Jo; Holt, Nancy; and Regal, Mary Lewis. Belmont, Massachusetts: CRC Education and Human Development, Inc., 1979.

Nine units on small business management are provided in this curriculum guide designed for use in an advanced course in either a secondary or post-secondary setting. Its focus is on those who are interested in beginning a small business venture, have some prior business knowledge, and have a specific business in mind. The nine unit topics include: setting up your business, marketing, location, promotion, systems and records, pricing, business policies and relationships, organizational structure, and financing your business. At the beginning of each unit is a summary page containing a synopsis of the unit's content, objectives, student project work, teaching strategies, mini problems, and references. Also included are guidelines for presenting the material, discussion notes, and suggestions for conducting class activities. Student information sheets, worksheets, case study problems, interview forms, and project instructions are included.

Superintendent of Documents
U.S. Government Printing Office
Washington, D.C. 20402
(Stock # 017-080-020002-5)

Small Business Management and Ownership, Volume III: Location Decisions -- A Simulation. Shuchat, Jo, and Otto, Judith. Boston, Massachusetts: CRC Education and Human Development, Inc., 1979.

This is a game simulating the research, analysis, and decision making a person must do to select an appropriate business location. Teacher instructions, student instructions, and all game materials required are provided.

Superintendent of Documents
U.S. Government Printing Office
Washington, D.C. 20402
(Stock # 017-088-02001-7)

Mini Problems in Entrepreneurship, Volume IV. Shuchat, Jo. Boston, Massachusetts: CRC Education and Human Development Inc., 1979.

These mini-problems are provided to augment an introductory and/or advanced course in small business management and ownership. They relate to the following topics regarding entrepreneurship: women and minority entrepreneurs, ethics, communication skills, recordkeeping, and self-assessment. All the problems address common business situations and skills needed by entrepreneurs; a few are presented as games designed to promote skill development. The amount of time required to complete the mini-problems is flexible; each can be completed in 10 minutes or a full class period, according to the preference of the teacher and the class, and the time available. The instructional format of each mini-problem is identified (e.g. small group discussion, role play, brainstorming exercise, written exercise, pencil-and-paper problem, individual exercise, etc.) although formats can be changed as desired. Both teacher and student materials for each mini-problem are provided. The intended level of instruction can be secondary, post-secondary, or adult. Approximate cost: $5.50.

Superintendent of Documents
U.S. Government Printing Office
Washington, D.C. 20402
(Stock # 017-080-02003-3)

Small Business Ownership, Management, Entrepreneurship: A Model for Vocational Education Program Development in Entrepreneurship. Walden, Jim, Project Director. Little Rock, Arkansas: Division of Vocational, Technical, and Adult Education, Arkansas State Department of Education, 1978.

Twelve topical units are presented in this guide to the basics of entrepreneurship: business financing, business financial planning, business outlook, financial records management, human relations and its effect on personal and business life, insurance, modern marketing for small businesses, paperwork management, personal and family financial management, personnel management in small businesses, property management, and taxation and tax planning. Each unit contains most of the following instructional elements: unit objectives, suggested activities, instructional materials, information sheets, assignment sheets, tests, and answer sheets for tests and assignments. The guide can be used as an instructional resource for the teacher when giving group instruction, or each unit can be used by individual students on a self-study basis.

Business Quiz Series. Interstate Distributive Education Curriculum Consortium (IDECC).

This software package provides hundreds of multiple choice and true/false questions for drill and practice, or for designing actual classroom exams. Students can use it "on line" or print copies of tests and keys to work at their desks.

These software packages are designed for use with 48k Apple computers -- models II, IIe, or IIc -- disc drive, monitor, and printer. Individual software packages focus on the topics of economics, marketing considerations, marketing fundamentals, product pricing, banking, business law, and insurance.

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Exhibit #8

STATE RESOURCES FOR SMALL BUSINESS:

Information; Management Assistance; Employee Training; Finance; Councils

INFORMATION RESOURCES

Marketing Representatives: In addition to presenting general information about agency programs, the Department of Commerce and Community Affairs Marketing Representatives provide detailed information to individual businesses on business financing and other programs to help businesses with their expansion plans. This staff of approximately 35 economic development professionals not only markets the programs offered by the Department of Commerce and Community Affairs, but also works in the field, meeting with businesses, banks, chambers of commerce, local governments, and other groups or individuals involved in economic expansion.

One-Stop Permit Center: Recent legislative action has directed DCCA to establish a "one-stop" business permit center within the Small Business Assistance Bureau. The permit center serves as a clearinghouse for all new businesses to receive information on licenses, permits, and other requirements necessary to conduct business in Illinois. Also, the permit center acts as a problem resolution office for small businesses that encounter problems with state licensing or regulatory agencies. A one-stop permit kit is available with the appropriate forms and directions to persons wanting to start a business in Illinois. The toll-free number is 1-800-252-2923.

Small Business Hotline: The hotline is a toll-free number (1-800-252-2923) which provides access to information and assistance available to small businesses in Illinois. The purpose of the Hotline is to help cut through government "red tape" and provide quick response to questions from small firms. The hotline is staffed by the Small Business Assistance Bureau of DCCA.

Small Business Bulletin: The monthly Small Business Bulletin was developed to inform the numerous trade associations of the different issues pertaining to small business owners and the various programs offered by the Small Business Assistance Bureau at DCCA.

Sites, Buildings, and Community Profile Program: In cooperation with municipal authorities and realtors, data on over 7000 available industrial sites and buildings throughout Illinois are computerized for quick and precise match-up to a firm's specific location requirements. Typical of information available is rail access, square feet, transportation, and utility service. In addition, approximately 400 community profiles provide industrial clients seeking to expand or relocate with essential information on a particular community.

Teltape Information System: Operated by the Department of Commerce and Community Affairs (DCCA), the teltape information system provides information on business, local government, and community-related topics. These taped messages include over 110 topics ranging from state business financing programs, to local governments bonds, to the latest tourism events in Illinois. Information is regularly updated to provide the most current data. The toll-free number, 1-800-835-3222 (TEL-DCCA), allows the caller to hear a total of six messages per call, and leave a message for more information or questions.

Illinois Resource Network: The Illinois Resource Network is a computerized information file of university faculty research capabilities and scholarly interests. The file lists 6,000 faculty profiles from twelve Illinois universities and is accessible to large and small businesses at any of the participating schools. These files can be searched to locate faculty for consultation on special projects, identify testing facilities, and help find faculty with requisite teaching, research, or problem solving experience.

Matchmaker Conference: A series of conferences is held around the state each year to match potential vendors and contractors with state procurement officers for exposure to bid opportunities and contracts. These procurement matchmakers assist minority, female and small business owners and attract about 1000 businesses from throughout the state.

MANAGEMENT ASSISTANCE

Small Business Energy Management Program: This program is a free, on-site, non-technical, operation and maintenance walk through energy audit program performed for Illinois small businesses. Each audit is designed to provide low cost and no cost recommendations for energy conservation which are estimated to save between 5 percent and 25 percent of annual energy consumption.

Industrial Health and Safety Consultation: On request, specialists from the state will survey industrial work sites and offer recommendations to improve safety and make operations consistent with Occupational Safety and Health Administration regulations. This is a confidential, free service. All reports are provided strictly to the firm's management, and no fines or penalties are involved. Follow-up consultations are also provided. The purpose of this program is to help reduce the incidence of industrial accidents and subsequent lost time and lost production.

Small Business Development Centers: Through a cooperative effort between the Small Business Administration and DCCA, Small Business Development Centers (SBDCs) have been established throughout the state to provide business management, counseling and training assistance in specific areas such as preparing business and marketing plans, securing capital, improving business skills, accessing international trade opportunities and addressing other business management needs. The SBDC program is managed by DCCA and services are delivered through public and private universities, colleges, chambers of commerce and other local small businesses and economic development agencies. Highly specialized SBDCs have been established to assist minorities and women in business. Currently, 73 SBDCs are located in major population centers statewide to serve the Illinois small business community.

Illinois State Minority Business Development Program (ISMBDP): This program is a comprehensive business development program designed to help minority owned businesses gain access to and increase their participation in state/local government procurement of goods and services. Key components of this program include: bid and procurement information, legislation development and advocacy, minority financial deposit emphasis, identification of private capital and educational training. Started in 1985, the program is funded by the U.S. Department of Commerce. The targeted cities of Chicago, East St. Louis, Rockford, Rock Island, and Peoria will receive greater assistance in developing, promoting and stabilizing their minority business communities.

Procurement Assistance Program: Counseling, information, and technical assistance are provided to firms in the area of government contract procurement through Procurement Assistance Centers. Centers can help with instruction in completing bidding application forms, matching of the firm's product with buying agencies, identifying contracting opportunities for the participating firms, and reviewing bid packages to insure client understanding of bid requirements. Seventeen centers are located throughout the state.

Technology Commercialization Centers: The department has funded both university based commercialization centers and federal labs to provide entrepreneurs and small businesses with services auxiliary to production, but necessary for success in new product sales. These centers will provide fledgling entrepreneurs with direct research assistance, patent searches, feasibility studies of new product or service ideas, technical resources, adaption of technologies, prototype development and product testing, and other assistance for which small or new companies might not be equipped. Sixteen centers are located at major universities and federal laboratories throughout Illinois.

Small Business Incubator Program: Through the Build Illinois Small Business Incubator Act, the state has designated small business incubators and provided low interest loans or grants to help finance their development and operation. DCCA has helped finance numerous incubators in the last two years. These incubator facilities will help entrepreneurs and fledgling businesses by providing a supportive environment; affordable space; shared service such as bookkeeping, payroll processing, clerical support, telephone answering, etc.; and targeted management and financial assistance. Communities also benefit from incubators by the transformation of under-utilized property into a center of productivity, diversification of the tax base, and revitalization of employment opportunities. Twenty-five incubators are located in metro and urban Illinois areas.

EMPLOYEE TRAINING/LABOR PROGRAMS

Job Training Partnership Act Program: Under this U.S. Department of Labor program administered by DCCA, individuals will be trained in skills which match the workforce needs of local businesses at no cost or reduced cost to the business. The 26 local service delivery agents in Illinois' program are responsible for planning and operation and emphasize the training of disadvantaged individuals for jobs which are available in a local labor market.

Industrial Training Program: This state funded program helps new and expanding Illinois industries develop a well-trained labor force by paying directly to the firm a pre-agreed portion of worker/trainee wages. The training program also can be used for re-training as business technology changes. Following a formal request to participate and DCCA's approval of the program, the company chooses the trainees, the methods of training, and the location for training--whether on the premises, in a classroom or both. This program began early in 1980 and is funded on an annual basis by the Illinois General Assembly. This program is coordinated with similar development initiatives such as the Job Training Partnership Act and the High Impact Training Service.

Prairie State 2000: The Prairie State 2000 Program helps keep jobs in Illinois by funding employment retraining programs that teach workers to use new technologies or to handle different tasks that already exist at their place of work. Training grants and loans are made to Illinois companies and also directly to individual workers. Individuals who need to upgrade their skills or acquire new ones -- either to hold onto their jobs or to gain employment -- can receive educational vouchers through the Individual Training Assistance Program. Companies that don't have the necessary retraining money in their operating budgets can receive retraining grants (for up to 50 percent of direct training costs) and loans (for up to 100 percent of direct training costs) through the Employer Training Assistance Program. The Prairie State 2000 Authority, a new Illinois state agency, has made training grants and loans to individuals and businesses which helped pay for retraining for nearly 12,000 Illinois workers.

SOURCES OF PUBLIC FINANCING

Illinois Small Business Development Program: The Illinois Small Business Development Program provides direct financing at a reasonable cost in cooperation with private sector lenders. Funds available through the program can be used for a number of business activities -- working capital, land and building purchases, construction or renovation of fixed assets, machinery and equipment purchase and installation, etc. Funds cannot be used for debt refinancing or contingency funding. Loans from the department will not exceed 25 percent of the total cost of a business expansion or retention project. The maximum amount which may be invested by the department in any one business project is $750,000. The business must leverage or include additional financial resources for the project over and above funding which may be provided by the department.

Illinois Small Business Micro Loan Program: The Illinois Small Business Micro Loan Program provides direct financing to small business at below market interest rates in cooperation with private sector financial institutions. The purpose of the program is to assist small business by providing funds to foster expansion. The Micro Loan Program may provide up to 25 percent, or a maximum of $100,000 toward the total project cost.

Community Services Block Grant Program: As a part of the federally funded Community Services Block Grant Program, DCCA uses the Illinois Fixed Rate Financing Fund to help new or expanding small businesses obtain low-cost financing for working capital, equipment, and inventory, and to employ low-income persons. The funds are administered at the local level by community action agencies which serve the needs of low-income persons through various anti-poverty programs. Grants are made to these agencies which, in turn, blend or combine these public dollars with other financing resources. Any small business meeting the eligibility criteria can apply to a community action agency for a loan. When Community Services Block Grant funds are used, at least one job must be created for every $5,000 of funds loaned and must be filled by a low-income person. Loan funds may be used for any job generating project that results in permanent, unsubsidized employment for eligible clients.

Business Innovation Fund: The Business Innovation Fund provides royalty financing to Illinois firms. The program supports development, marketing, and commercialization of new, technology-based products or services that have a significant potential for increased economic activity and employment creation and retention. The proceeds of the fund must be used, in part, in cooperation with Illinois universities, colleges, or not-for-profit research organizations. Funds may be used to secure technical and management assistance, or otherwise conduct commercialization research activities, which lead to new or improved product or service availability. The fund does not provide loans or grants, but investment is recouped through royalties on product sales or product licenses. The program's focus is on small businesses with fewer than 500 employees.

Equity Investment Fund: The Equity Investment Fund, authorized by the Build Illinois Act, provides financing to technology-based Illinois firms, the proceeds of which may be used for all legitimate business project costs including purchase of real estate, machinery and equipment, working capital, development costs and related expenses. The Equity Fund is designed to provide cooperative financing with venture capital firms and other sources of funds. The fund will recoup its investment through royalties on product sales, product licenses, or participation certificates. The Equity Investment Fund will provide up to one-third of the anticipated project costs, but will provide no more than $250,000 investment in any one company.

PRIVATE EQUITY AND VENTURE FINANCING

Illinois Venture Fund: Illinois has leveraged $2 million in public venture funds with $10 million of private investment to create a pool of venture capital for start-up and early stage enterprises developing new technologies, products, processes, or inventions in Illinois. The venture pool is managed by a private venture capital corporation on behalf of the state. Investments may range from less than $300,000 to $1,000,000 and usually take the form of common stock or convertible securities. They remain as a part of the funds portfolio for four to seven years.

Venture Funds -- Other possible sources of funding are venture and seed capital funds. Participants may be linked with sources of seed capital via four avenues: Contact with individuals within the community (businessmen, professional people, and others) who have a willingness to consider such investments, contact with sources of seed capital through brokerage firms and Certified Financial Planners, contact with bankers in the region both as sources of debt capital and as referral sources to seed capital, and contact with institutional investors who can serve as referral sources. On the negative side most venture fund financing starts at $100,000, so small or service oriented business rarely use this type of financing.

Small Business Investment Companies: The SBIC program provides equity capital, long-term financing, and management assistance to small firms for their growth, expansion, and modernization needs. The SBIC may provide long-term loans, purchase debt securities, or purchase equity shares. SBICs and Minority Enterprise SBICs (which invest exclusively in firms owned by minorities and other disadvantaged persons) are organized under special rules of the U.S. Small Business Administration.

Chicago Venture Capital Club: The Chicago Venture Capital Club is designed to bring together the venture capital community and qualified midwest area entrepreneurs in a regular forum. At each quarterly meeting, three or four selected entrepreneurs are allowed to present business plans to the venture capital community. The intent is for midwest entrepreneurs, with well-thought out and presented plans, to gain access to and receive required funding from a venture capital firm. The entrepreneurs requested to make a presentation are chosen through a review process sponsored by the Entrepreneurial Services Group of the Chicago office of Arthur Young and by Frontenac Venture Company. Entrepreneurs are given professional training to enhance the quality of their presentations. There is no fee charged to the entrepreneur.

PRIVATE SECTOR/GOVERNMENT COUNCILS

The Illinois Inventors' Council: The Council provides a network of assistance for entrepreneurs and deals specifically with the problems of inventors, ranging from patent issues to product commercialization. The group holds monthly meetings and sponsors workshops and seminars on various topics.

MIT Enterprise Forum: The Chicago Chapter provides young, start-up companies with critiques of their business plans and suggestions from successful peers at open, monthly forums. A Department of Commerce and Community Affairs staff member participated in the chapter's formation and serves on the Executive Committee.

Home-Based Enterprise Council: The Home-Based Enterprise Council is composed of home-based businesses and groups such as cottage industries, electronic equipment operators (computers and word-processors) and crafts. Assistance in zoning, marketing and start-ups are a few of the resources and referrals offered by the Council. The Council, made up of 12 organizations, is partly funded by a grant from DCCA's Small Business Development Center Program, creating a true public/private sector partnership.

Chicagoland Enterprise Center: The Civic Committee of the Commercial Club of Chicago, a group of Chicago business and professional leaders, has recently opened a unique small business development office called the Chicagoland Enterprise Center. The center is designed to supplement state, city and neighborhood small business development programs in the metropolitan area with its own staff and with donated, private sector business assistance resources from the area's major corporations, banks and professional firms. The center will also utilize a computerized data base which will provide a central referral point for small business assistance resources across the six-county area.

Illinois Software Association and Center: The Illinois Software Association and Center is a not-for-profit organization dedicated to assisting and enhancing growth within the software industry throughout Illinois. Conceived by the Department of Commerce and Community Affairs in June 1984, ISAC is a public/private partnership supported jointly by the State of Illinois and by individuals and organizations in software and related industries. ISAC serves as a forum for the exchange and dissemination of information relevant to the state's software business. The center office has been established at the Merchandise Mart in Chicago to provide direct support services, including marketing and advertising assistance, to software businesses.

Women's Business Resource Council: Identifying and solving the variety of problems women business owners face was the premise on which the Women's Business Resource Council (WBRC) was founded. The council is comprised of professional women advocates from the Department of Commerce & Community Affairs - Small Business Assistance Bureau, the U.S. Small Business Administration, the Department of Labor - Women's Bureau, the Minority and Female Business Enterprise Division, the Governor's Office for the public sector, and a number of private sector associations. The WBRC has sponsored several conferences which address management, financial, marketing and general business strategies for women entrepreneurs. Conferences are held to better educate women business owners to the vast resources which are available to them at virtually no cost. The networking which is offered through these workshops has proven to be one of the most valuable tools supplied by the WBRC.

Exhibit #9

FINANCIAL ANALYSIS RULES*

Participants should understand the credit analysis procedures that banks use to determine basic creditworthiness of a project. Every lender prefers to be repaid from profitable operation of the business; no lender wants to be repaid through the liquidation of collateral at a forced sale. As a result, the basic credit question becomes whether or not cash flow from operations is adequate to repay debt. Restated in shorthand, the cash flow must be greater than debt service. Cash flow from operations includes:

- profit from the business (profit after taxes and all expenses)
- plus depreciation amounts (since this is a non cash item)
- excess officer compensation (since this could be diverted to loan repayment)

If cash flow exceeds debt service, banks also must be satisfied that working capital is adequate, quality of debt is sufficient, and trends and projections are consistent and supportive.

Adequacy of Working Capital -- This question can be explored with several simple rules:

- The balance sheet indicators must be supportive
- Days receivable and days payable must be adequate
- Retained earnings and owner commitment must be evident
- Days inventory must be adequate
- Working capital must be positive

Quality of Debt -- This focuses on the company's ability to correctly match sources of funds with uses of funds. Poor matching of sources and uses of funds will lead to excessive debt service in relationship to an asset's life. The high debt service will decrease the excess of cash flow over debt service and make the company weaker. The analysis of quality of debt focuses on:

- The debt to equity ratio
- Balloon payments
- Short-term floating rate loan vs. longer term fixed rate loans
- Project costs and sources of funds
- Collateral offered
- Lender participation

Supportive Trends and Projections -- These are required to ensure that an adequate cash flow today will continue into the future. Even though cash flow is adequate today, if sales or profit margins are decreasing, the cash flow may not continue to be adequate in the future. To analyze trends and projections, attention will be focused on the quality and trend indicators of the profit and loss statements:

* Reference: Adapted from Economic Development Financing, National Development Council.

- Sales growth
- Cost of goods sold as a percentage of sales
- Overhead
- Earnings before taxes as a percentage of sales
- Acceleration of depreciation
- Level of officer compensation

If cash flow is greater than debt service and if working capital, the quality of debt and historical trends are supportive, the deal is a strong deal and in all probability, the loan will be approvable by a bank.